

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 20
DepositionsDaniel K. Inouye, *Chairman,*
Senate Select CommitteeLee H. Hamilton, *Chairman,*
House Select Committee

- :688 3/23/86 RUWO & SAT & DICK GADD met by RODRIGUEZ, QUINTERO & "RAMON MEDINA"
- :704 3/86 STEERING MEETINGS @ CHI CHI & RUWO
- :705 3/85 RUWO met FR in EL SALV
- :706 8/8 & 8/12/86 - 6 ON DUTTON & FR
- :709 SUPERMARKET CONTRAS
- :728 RAMON MEDINA
- :733 ++ DASOBERO NUNEZ & RUWO thru JO HULL
- 10/86 to DC / met @ ROBINSON re CURISTIE
- :754 for HULL bank
- :760 #106 RUWO met @ Rozenblatt & second/MALE name
- :762 c. 8/86 "midw" fr DEA arrested @ HULL farm (ICELSO?)
- :779 CURISTIE & CI OP

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan OppositionU.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with IranNovember 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.

November 17, 1987.—Ordered to be printed.

- :791 Jan '83 News: 1st x Hull met ON. "like m w
 on background..."
- :797 Davis, ~~Phil~~ ^{Thpson} & Cam > PAN: Chant & Glib de Sgrs
- :799 4/85 Miami meet (FRANK CURRIS (sic))
- :802 KESLO AKA RUD WMS
- :816 8/86 Newo Call Colo. authors
- :821 Newo: SPIVEY & HULL/FBI
 & CASTILLO
- :830
- :832 TRIMBS tells Newo re visit
- :836 Hull spk 2 PETULLA @ Emb
- :844 BUSSO ROSS
- 845 AL. NOUSSADI- ZADEN
- :905 Blumpego

- :955 PICKERING bid
- :956 GREGG send FR > PICK
- :959 GORMAN Cable
- :961 " "

- ★ ★ :1017 Point. 11/15/85 OSDM/Memo to BUD MOREAU
- :1044 DN & DAVID MASONs have only access
 2 NSA via computer (BLANK ^{direct} cell)
- ★ ★ :1158 POINT & moreau
- :1192 Wise Men's gp 4 PR m 1-C
- :1218 POINT m knowledge of ON/Castro by ABNAMS et
- :1280+ 9/2/86 ON > MCF/CC JOP: re appr 2 put down
 4 helis: only FON after shot down (Proven?)
- :1282 Off 2 put ~~ON~~ ^{spk} 18R ~ 2 C. Am
- :1330 1982 RIG ext. JOP m unaw? ON, ABNAMS & PERS
- :1360 4/2/86 NLR & JOP
- :1430 5/2/86 RM > JOP: "unilateral" mtd 2 help case
- ★ ★ :1455 ENK #45 CI & NON-AVING re pass access by of
 PR

4481 8/11/86 Memo re "well done" by JOPOIND re OKI
for 7 HAMILTON
1:53 BUCKLEUP mud 2 (RAM) & fort.

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United States Senate

SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

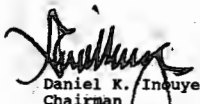
March 1, 1988

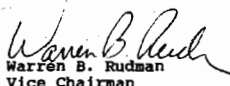
Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

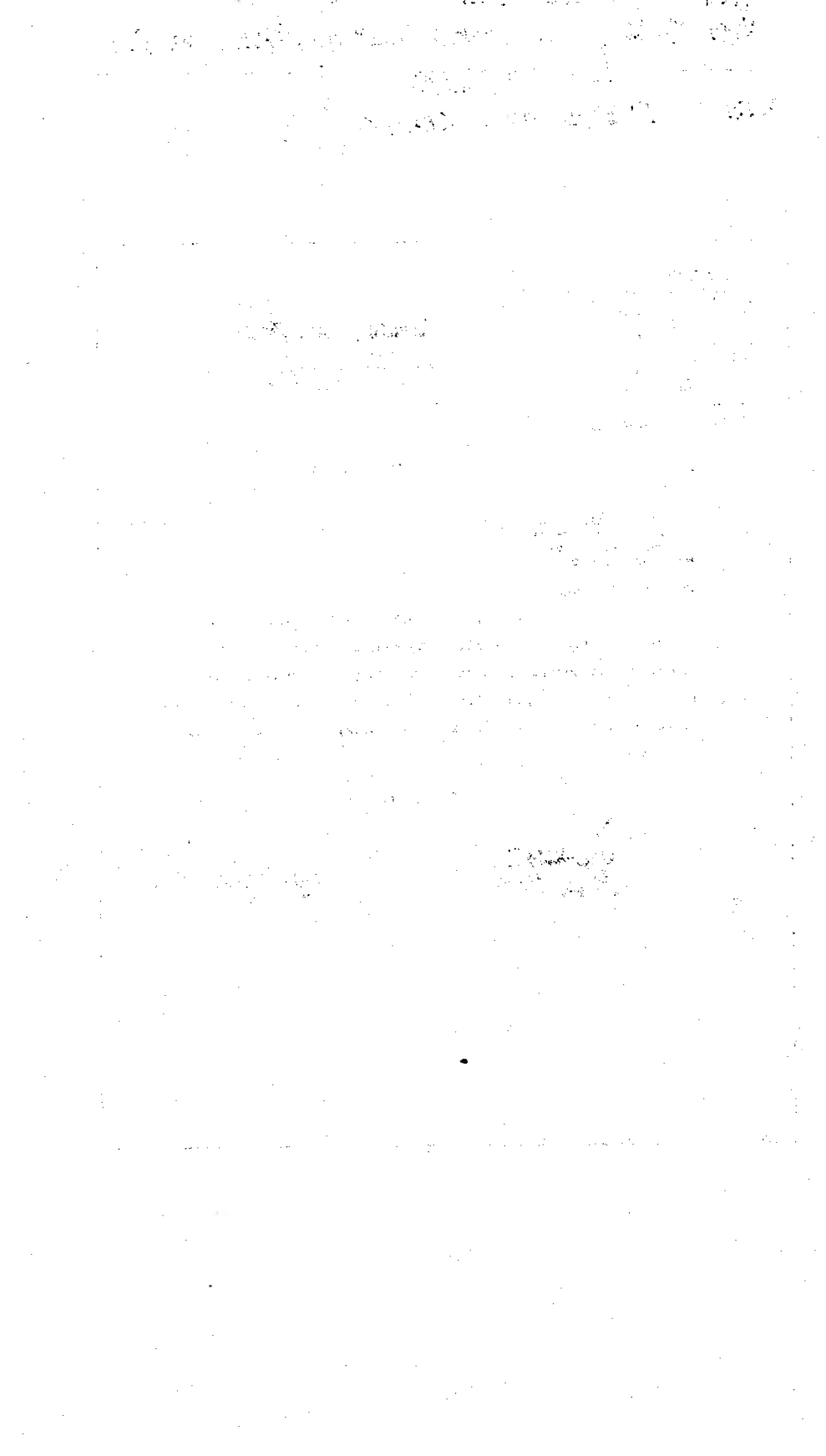
Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,


Daniel K. Inouye
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Warren B. Rudman
Vice Chairman



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UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

March 1, 1988

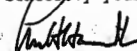
The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,


Lee H. Hamilton
Chairman

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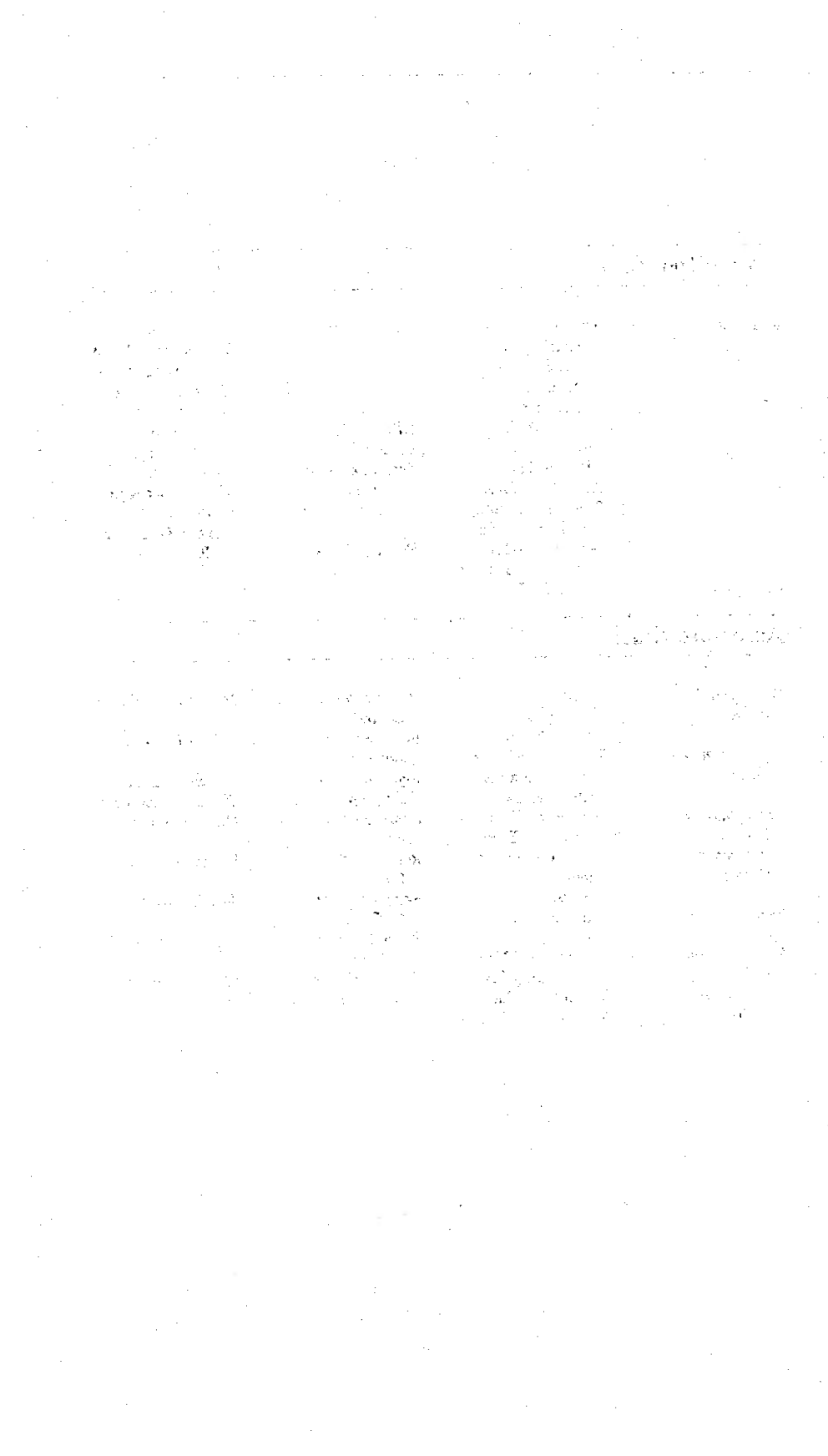
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C/CATF.

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CIA Air Branch Subordinate.
CIA Chief.
CIA Communicator.
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Deputy Chief "DC".

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original

exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the Senate and House Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair,
1 volume, 1987.

Appendix A: *Source Documents*, 2 volumes, 1988.

Appendix B: *Depositions*, 27 volumes, 1988.

Appendix C: *Chronology of Events*, 1 volume, 1988.

Appendix D: *Testimonial Chronology*, 3 volumes, 1988.

All publications of the Select Committees are available from the U.S.
Government Printing Office.

SECRET
UNCLASSIFIED

H315-72/871

1 DOTSON
2 MILTON

3
4 DEPOSITION OF LANGHORNE ANTHONY MOTLEY

5 Thursday, June 25, 1987

6
7 U.S. House of Representatives,
8 Select Committee to Investigate Covert
9 Arms Transactions with Iran,
10 Washington, D. C.

11
12 The committee met, pursuant to call, at 10:00 a.m.,
13 in Room B-352, Rayburn House Office Building, Terry
14 Smiljanich presiding.

15 On behalf of the Senate Select Committee: Terry
16 Smiljanich.

17 On behalf of the Federal Bureau of Investigation:
18 Timothy E. Traylor, Special Agent.

19 On behalf of the Witness: Richard C. Warmer,
20 O'Melveny & Meyers, 1800 M Street, N.W., Washington, D. C.
21 20036

22
23 Partially Declassified/Released on 12-22-87
24 under provisions of E.O. 12356
25 by N. Menan, National Security Council

4068

32 of 3

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25DEPOSITION OF:PAGE

Langhorne Anthony Motley

By Mr. Smiljanich

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1 Whereupon,

2 LANGHORNE ANTHONY MOTLEY

3 was called as a witness and, having been previously duly
4 sworn, was examined and testified as follows:

5 EXAMINATION ON BEHALF OF

6 THE SENATE SELECT COMMITTEE

7 BY MR. SMILJANICH:

8 Q State your full name for the record.

9 A Langhorne, L-a-n-g-h-o-r-n-e, Anthony, last name,
10 Motley, M-o-t-l-e-y.

11 Q You served as Assistant Secretary for Inter-
12 American Affairs in the Department of State for a period
13 of time; is that correct?

14 A That's correct.

15 Q Give us the date of your tenure as Assistant
16 Secretary.

17 A It was, as I recall, the first week of July of
18 '83 through the 1st of July of '85.

19 Q Just prior to that, you had been Ambassador
20 to, I believe, Bolivia?

21 A Brazil.

22 Q What were the years you were Ambassador to
23 Brazil?

24 A 1981 to July 3, 1983.

25 Q Could you give us a quick rundown of the

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1 background of your educational experience?

2 A Yes. I was born and raised in Rio de Janeiro,
3 Brazil. My father owned an oil company there. I went to
4 college [REDACTED] with a degree in
5 political science. [REDACTED]
6 [REDACTED] thereafter as a regular officer [REDACTED]
7 [REDACTED] three years in Alaska and two years between Texas and
8 Alabama.

9 [REDACTED], I resigned my commission as a regular
10 officer, and I entered the real estate development business
11 in Alaska.

12 [REDACTED] In 1974, I entered the state government as a
13 commissioner, which was Secretary of the Department of
14 Commerce, subsequently Commerce and Economic Development.
15 I served in that position for two years, the period the
16 pipeline was being built. In January of 1978, I resigned
17 my position, with a handful of people formed a non-profit
18 organization called Citizens for Management of Alaskan
19 Lands.
20

21 Congress at that time was undertaking the
22 Alaska lands issue, which was in essence a planning and
23 zoning effort on all the Federal lands in Alaska. That
24 was supposed to last six weeks; it lasted four years.
25 So I lived in Anchorage and worked in Washington for four

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1 years, a rather long commute.

2 That issue was over virtually in the waning
3 days of '80. I returned to Alaska. In September of '81,
4 after having been nominated by the President and confirmed
5 by the Senate, I went to Brazil as U.S. Ambassador.

6 In May of '83, I was approached about possibly
7 taking over as Assistant Secretary, a ^gvacancy.

8 Q Your predecessor was Tom Enders?

9 A Yes.

10 Q Go ahead.

11 A And on short notice, I left Brazil, resigned
12 as Ambassador, and came back and took over in July of
13 '83.

14 Q What is your current occupation?

15 A I have a company called L. A. Motley & Co.,
16 which is a corporation. We deal in foreign trade and
17 investment matters, both U.S. interests overseas, foreign
18 interest; to the United States, and in some cases, totally
19 third-party interest; involving the U.S.

20 Q Now, when you became Assistant Secretary in July
21 of 1983, what was the existing structure of the Department --
22 or, perhaps you can tell us what you did in terms of the
23 organization of the Bureau when you came into it.

24 A All right. Well, the responsibility as Assistant
25 Secretary for Inter-American Affairs covers formulating

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1 and implementing foreign policy, broadly speaking, relations
2 of the United States with 33 countries, everything south of
3 the Rio Grande River. That includes some 26 embassies,
4 and I don't know how many posts.

5 Obviously, the focus at that time was the Central
6 American issue. The structure of the State Department is
7 such the regional assistant secretaries report directly to
8 the Secretary. That is the chain of command.

9 The Bureau is so structured on both a functional
10 and geographic basis, and each assistant secretary has his
11 own management style. I chose to break the Bureau into
12 five deputy assistant secretaries and realign the offices
13 and tasks along those lines. They were both functional
14 and geographical: Central America, South America and the
15 Caribbean. Brazil and Mexico kind of acted on their own
16 because they are just big enough they didn't fit under this
17 although the deputy assistant secretary for South America
18 had responsibilities for Brazil.

19 I then had a deputy assistant secretary that
20 would cover the operational, administrative area, and you
21 had another one that covered the equivalent -- equivalent
22 position which covered the economic and financial aspects,
23 because, although Central America was number one in the
24 headlines as far as most people would think about, the
25 issue that had come to a head was a deeper but not so

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1 visible problem.

2 Q Who was your deputy assistant secretary for
3 Central American Affairs?

4 A It was Craig Johnstone.

5 Q Was he a career serviceman?

6 A Yes.

7 Q Your senior deputy assistant secretary was who?

8 A Was Jim Michaels.

9 Q Was there in existence when you became assistant
10 secretary a restricted interagency group dealing with
11 Latin American Affairs?

12 A There was both an IG and a subpart of that, an
13 RIG. They were not separate but contractions of one to
14 the other.

15 Q Could you expand on that a little bit? What was
16 in place?

17 A What was in place was both an IG -- I served as
18 chairman. The main players by agencies were as follows:
19 Department of State, myself as chairman -- I'll go through
20 the agencies first. The Department of State, the Office
21 of the Secretary of Defense, the Chairman of the Joint
22 Chiefs of Staff, the Central Intelligence Agency, the
23 National Security Council. These were the main players.

24 Now, the IG as such, which was ongoing throughout,
25 would include representatives from, depending on the issue,

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1 Communities for my Bureau, and under Craig Johnston, the
2 office director for Central America, Shawn Smith, also a
3 Foreign Service Officer.

4 Within the State Department at different times,
5 depending on the issues, you might have a representative
6 from INR, you might have a representative from a political
7 military bureau, and one, on a rare occasion, may be more
8 than one, but rare, the Office of Public Policy.

9 Q At that time, was that Otto Reich?

10 A That's right.

11 Q With regard to INR's presence on the RIG, would
12 their involvement be in connection with -- for example, if
13 you all were talking about covert operations in Central
14 America, is that something that INR would usually partici-
15 pate in?

16 A After a period of time. Initially that wasn't
17 correct and then for a variety of reasons, the Secretary
18 decided that he wanted to restructure the overall covert
19 activities in which he put all of that in the hands -- at
20 his level -- in the hands of Under Secretary Mike Armacost.
21 Mike Armacost then looked to INR, because they do have a
22 charter for liaison with the Intelligence Committees on
23 covert actions that come from within the Central Intelli-
24 gence Agency, within the rubric of liaison with the Intelli-
25 gence Community. So depending on how strongly they felt

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1 about coming or not coming, and the issues, they came to
2 the meetings.

3 From an operational sense, there is always a
4 healthy friction between geographic bureaus and functional
5 bureaus. It is the normal rub and pull that happens.

6 Q Would it be fair to say INR was not a rare
7 participant?

8 A Well, throughout the whole period of time there
9 was probably a period of time of almost a year they didn't
10 participate; then after that, they would participate in --
11 yes, they were more than rare. But in the first year, they
12 didn't participate.

13 Q All right. But in your last year, let's say
14 July of '84 to July of '85, they were a fairly regular
15 participant in the RIG meetings, weren't they?

16 A Yes.

17 Q Who usually would attend from INR?

18 ~~_____ when he came _____~~ was the
19 major person to come in.

20 Q Let me put it another way, too. Would it be fair
21 to say that you certainly, and during your tenure as
22 assistant secretary, did not exclude INR, specifically
23 exclude INR from participation in the RIG?

24 A That is correct. I wouldn't necessarily overly
25 encourage it, but I wouldn't exclude it. Now, the reason

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1 is this. INR serves a very useful function: Being the
2 Secretary's intelligence analyst of situations, and he
3 would draw on them and we would draw on them. Whereas a
4 function of the RIG was to analyze the situation, it also
5 was a policy formulation, and, as in any bureaucratic forum,
6 you want to make sure the guy stays in the position in which
7 he was posted. There wasn't any friction between Mike and
8 I; we understood each other perfectly. If they felt a need
9 to participate, fine.

10 Q INR brought a certain expertise within their
11 field to the RIG meetings; is that right?

12 A In what manner?

13 Q Their expertise in connection with their
14 familiarity with intelligence matters, covert operations,
15 matters such as that. Isn't that what they would bring
16 to the RIG?

17 A At that stage of the game, I can't attest as to
18 how much INR knew about the methodology of covert opera-
19 tions. I assume it was something, but it wasn't evident²⁰
20 to me because I didn't deal with them on that basis.

21 What they brought was, I thought, the synthesizing
22 analytical situation of the intelligence that dealt with
23 what is the situation in Iran. They spent an inordinate
24 amount of their time, for instance, with the guys at DEA,
25 CIA trying to figure out how many contras there were, how

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1 much Russian equipment was, military equipment, was getting
 2 in and this kind of stuff. It was a very, very difficult
 3 job, and there are always differences of opinion.

4 I saw their focus as in that respect.

5 Q What was your opinion of Frank McNeil's expertise
 6 in that area, in this field?

7 Frank McNeil is a very good officer, a very good
 8 good analytical officer. He has a very good ability with intelligence
 9 sources and methods. He has a very good ability to get the most out of
 10 his sources. He has a very good ability to get the most out of his
 11 sources. He has a very good ability to get the most out of his
 12 sources. He has a very good ability to get the most out of his

13 Q You got along well with Ambassador McNeil; is
 14 that correct?

15 A Yes. He is a very good officer. He is feisty.
 16 He and I understood each other.

17 Q Assistant Secretary Abrams was your successor;
 18 is that correct?

19 A Yes.

20 Q Now, Assistant Secretary Abrams stated to us
 21 that his perception was when he became assistant secretary
 22 that INR did not attend at all RIG meetings and never
 23 attended RIG meetings at any time.

24 Now, that was a false perception; is that
 25 correct?

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1 A Well, let me just tell you, you asked me the
2 question. They were a regular participant in the last year.
3 I don't know what Elliott based his perception on.

4 Q Obviously that was a false perception.

5 My question is, did you and he have any discus-
6 sions when he came in to become assistant secretary about
7 the organization of the RIG and the participation of INR?

8 A To my recollection, no. As you and I discussed
9 before, the transition between Elliott and I followed to
10 a certain degree the same transition I experienced with
11 Tom Enders. What I did with Elliott is the day the Presi-
12 dent made an announcement of his appointment, I took him
13 through the whole Bureau to meet everybody. I sat down with
14 Jim Michaels and the rest of the staff and said, "There is
15 a briefing being set up for Elliott." I told Elliott that
16 I would be available to answer any questions you would want
17 in any area, but I wasn't going to impose myself in the
18 middle of his briefing, and then I went on to run the
19 Bureau.

20 Elliott and I did not have to any extent -- he
21 may have asked isolated questions, but I don't recall any
22 in-depth discussion of whether INR participated or not.
23 It may have happened, but I don't remember.

24 Q It would be fair to say, wouldn't it, that one
25 of your primary missions during your tenure as assistant

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1 secretary was to attempt to get Congress and the public to
2 support the administration policy in Central America?

3 A I probably spent more time on that one issue than
4 all the rest of them combined.

5 Q Now, in mid 1984, the new legislation imposed a
6 cut-off of funds for --

7 A You are talking about October --

8 Q I'm talking about October 1, Boland II, I think
9 it is referred to at times.

10 When that law came into effect -- first of all,
11 it didn't come as a complete surprise, did it? You all
12 were expecting something like this to perhaps be coming
13 down the pike?

14 A What we had learned to expect is that you had
15 an ebb and flow in the degrees of congressional support.
16 I think what I have found from my perception of how other
17 people view this thing, outside of those dealing with it
18 at the time, ~~was that October 1, 1984, Boland II~~ --

19 Q Let's stop.

20 (Recess.)

21 BY MR. SMILJANICH:

22 Q Go ahead.

23 A So there was always a constant threat of a change
24 in the level of congressional support and/or agreement
25 with the Executive Branch which way to go. So every one

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1 of these watersheds, periods would be something you could
2 say it could go bad or good.

3 What people forget is that almost identical
4 language to Boland II was in the CR that was in conference
5 in October, '83, and didn't survive the Congress. So it
6 wasn't like ho-hum -- it was a constant battle all the
7 time trying to get some kind of parallel or perception of
8 what the Executive Branch wanted to do or Congress was
9 prepared to do.

10 I'm not saying Boland II was not a significant
11 piece of legislation. What I'm saying, this battle went
12 on all the time. It would come at you in appropriations
13 legislation, there were tactics on both sides.

14 Q It would be fair to say, wouldn't it, Boland II
15 didn't blind-side you in terms of knowing there was a
16 distinct possibility there would be an aid cut-off?

17 A No, it didn't blind-side in the sense of a
18 surprise. It inhibited the Executive Branch's ability to
19 carry out its policy.

20 Q In connection with that serious impact it would
21 have upon administration policy, what can you tell us
22 about any discussions that were held within Government
23 that you participated in dealing with preparation for
24 Boland II or how to handle it, what to do?

25 A There were a variety of discussions, and some

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1 of the discussions took place in the Executive Branch
2 settings also. I mean, it was a subject that if this
3 happens, what happens type of thing.

4 I can remember Senator Moynihan on a variety of
5 occasions in the Senate Intelligence Committee saying "you
6 guys are going to have to issue 50,000 passports here, face
7 up to it. This thing is going to get cut off," so on and
8 so forth. So it was a subtle understanding but it was
9 obvious that by the spring of '84, those moneys that had
10 been allocated, authorized, appropriated by Congress for
11 the contras was getting near running out.

12 So there was -- you were looking at a short-term
13 lack of resources. In addition to this, it was obvious
14 to us Congress was not going to be able to do much until
15 the CR. It happens about that time. So there was discus-
16 sion back and forth.

17 The Agency, the Central Intelligence Agency,
18 which was the agency in charge, did briefings to the
19 Congress saying, "We got X millions of dollars amount;
20 we are cutting back subsistence, make sure these guys have
21 three squares a day," and this kind of stuff.

22 My focus was to attempt to get a favorable
23 resolution. I can tell you a lot of people came up in
24 ~~October~~ Kind of dramatic circumstances. But it got
25 done. I was hopeful we could do it again. We weren't.

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1 So a lot of my focus was in trying to get the legislation.

2 Q Well, what conclusions were reached with regard
3 to what -- strike that.

4 I understand you are not a lawyer.

5 A That's correct.

6 Q But it was part of your job, I would assume, to
7 reach some kind of conclusion about what was allowable
8 and what wasn't allowable under the existing circumstances
9 once Boland II came into effect?

10 A Post-Boland II.

11 Q What conclusions did you reach with regard to
12 what was allowable activity in connection with support for
13 the contras?

14 A The conclusion that I reached, obviously, the
15 law in my mind prescribed the State Department, among
16 others, giving assistance, indirect assistance to them.
17 I understood that. And so we governed our actions on that
18 basis.

19 It didn't mean we didn't keep going back to
20 Congress trying to get the money. But I understood that
21 we were not to engage -- as one of those named or identified
22 in legislation as a Government agency -- was not supposed
23 to directly or indirectly assist the contras. It's kind
24 of a broad statement.

25 Q In other words, when the legislation referred to

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1 the CIA, the Department of Defense and any other agency
2 engaged in intelligence activities, you understood that to
3 include the State Department as an entity that was not
4 allowed to --

5 A Absolutely.

6 Q -- allowed to engage in direct or indirect
7 support to the contras?

8 A Exactly.

9 Q In fact, along that line, let me read to you
10 a quote that's attributed to you during a hearing before
11 Congress. According to this, you testified at the time
12 that the restriction was written in "pretty plain English
13 no money should be spent directly or indirectly promoting
14 the contra war. The message was just stop." That is not
15 complicated, and it is not micromanagement.

16 A I don't think that last part was in quotes.

17 Q I'm sorry. The term "micromanagement" -- those
18 are not your words?

19 A No. If you look at it closely, you will find --

20 Q Strike that question.

21 A I'll tell you another thing in regards to this.
22 If you go back through the transcript, you will find that,
23 a not unusual event, in several different newspaper
24 articles there is a juxtaposition. I'm not saying they
25 are taking it out of context or anything else, something

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1 that happened on page 96 would be added to something that
 2 appears on 97. I'm telling you, having gone back and read
 3 the transcripts after reading this, if you want to read off
 4 the transcript, fine.

5 Q Is it true you referred to the Boland II amend-
 6 ment as pretty plain English?

7 A Yes.

8 Q Let me back up for a second. I had not completed
 9 my survey of the RIG and the usual participants. We went
 10 through the people at the State Department. Who usually
 11 attended from the Office of the Secretary of Defense?

12 A Mr. Sanchez, who was Deputy Assistant Secre-
 13 tary for RIG.

14 Q Was the Joint Chiefs of Staff?

15 A Vice Admiral Burrough.

16 Q Off the record.

17 (Discussion off the record.)

18 BY MR. SMILJANICH:

19 Q Who was the usual participant from the Agency?

20 A In the first, through about the summer of 1981,
 21 late summer, maybe early fall of '81, Duane [redacted]

22 Q And after that?

23 A After that, for about a period of about four
 24 or five months, it was his successor, [redacted]
 25 America on the DDO [redacted] me right now.

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1 Then he was, towards the last two or three months I was
2 there, he was replaced as the regular participant by [REDACTED]
3 who was head of what they call the Central America Task
4 Force.

5 In essence, what they did was, I believe, and
6 I have to check this, but I believe what they did was they
7 gave Dewey's successor responsibilities for all Latin
8 America and Central America. Even though [REDACTED] worked for
9 this guy, this guy was put more -- [REDACTED] was put more in
10 Central America.

11 Q Okay. And from the National Security Council,
12 who was there?

13 A Several at different times. Probably the longest
14 throughout the two-year period of time, the most regular
15 participant was Oliver North.

16 Q Who else would sometimes attend?

17 A There would be Constantine Menges, Jackie Tillman,
18 a fellow, it was a State Department officer --

19 Q Ray Burghardt?

20 A Ray Burghardt. I think that's about it. There
21 would be different ones in and out. Each had different
22 responsibilities. It was kind of fuzzy as to who was the
23 real NSC.

24 Q What do you mean by that? In other words, who
25 at the NSC when it came to Latin American Affairs and when

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1 specifically came to matters involving the Nicaraguan
2 opposition --

3 A The reason I say it's kind of fuzzy is that, G,
4 you should understand, covered everything in Latin America,
5 not just Central America. It would depend to a certain
6 degree what the issue was, and, secondly, whatever the issue
7 was, who was doing what to whom.

8 Q When the RIG dealt with Central American Affairs
9 and specifically Nicaraguan affairs, did you have a clear
10 understanding as to the division of responsibility at the
11 NSC staff for those matters?

12 A I had a clear understanding there didn't appear
13 to be a clear division of responsibilities in NSC. Every-
14 body wanted to play that part.

15 The way they are organized, it is looser and
16 depends on whomever has been internally tasked. It is not
17 as compartmentalized as our operations are.

18 Q Oliver North was a frequent participant at the
19 RIG meetings?

20 A Yes.

21 Q Now, going back to where I had left off when
22 we were discussing the implementation of Boland II and
23 your activities and the activities of the Bureau during
24 that time, did you ever have any discussions with Oliver
25 North about his understanding of what Boland II allowed and

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1 didn't allow?

2 A Yes. I had one discussion with him in my office
3 following a RIG meeting, the time I'm not sure, but it
4 must have been within a reasonably short period of time
5 after the passage of Boland II.

6 Q So this would have been sometime in 1984?

7 A Yes.

8 Q Go ahead. What was discussed at that time?

9 A I don't know how the subject came up or what
10 prompted it, but I brought it up, and, in essence, I said
11 to Ollie that I felt that ~~that Boland II pro-~~
12 ~~scribed to all of us that were in a RIG direct or indirect~~
13 support.

14 Ollie said -- let me strike that. He said
15 the NSC, as part of the White House, is not an intelli-
16 gence agency. I think I was more surprised by the comment
17 because I never thought of it in that context. I just
18 never thought it through. I just assumed it, and I
19 didn't -- so in my surprise, I said, Well, that's some-
20 thing I hadn't thought of and he might have wanted to
21 seek appropriate counsel on that subject. That was the
22 end of the discussion.

23 Q He indicated to you that he did not feel that
24 Boland II applied to his activities at the NSC because
25 the NSC was not an agency engaged in intelligence --

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1 A Right.

2 Q You were somewhat surprised?

3 A I never thought about it in that context. I
4 wasn't disputing his assertion.

5 Q But you weren't agreeing with it either?

6 A No. I was surprised by it. Once having been
7 surprised, I didn't quote People v. Schwartz and shoot
8 down his argument.

9 Q You suggested to him he might want to seek legal
10 counsel on that?

11 A Yes. It wasn't my job to tell him what his job
12 description was.

13 Q Did he tell you he had obtained any kind of
14 legal counsel on the issue?

15 A I don't recall.

16 Q Now, in connection with what could or couldn't
17 be done in view of Boland II, were there any discussions
18 that you participated in or heard of concerning whether
19 or not private American groups could fill the breach in
20 Central America given the inability of the Government to
21 use appropriated funds?

22 A Well, even before the cut-off, it was evident
23 if by nothing else than reading the papers that there were
24 private groups in the United States that felt strongly
25 enough about the issue to supply money, goods many times.

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1 Through that period of time from when I got there until
2 before Boland, there were groups that would gather Christmas
3 toys or food and bandages. In fact, there was an issue that
4 came out in the paper recalling congressional inquiries in
5 regard to National Guard airplanes on missions going there
6 taking some of this stuff. It was a subject -- and, at
7 the same time, there were private groups supporting the
8 Sandinista position.

9 Were there private efforts? Yes, we were aware
10 of such. I was aware of it from reading the newspapers.

11 Q I understand that. My question specifically,
12 though, is whether or not there were any discussions about
13 turning to these groups to engage in activities the
14 Government was now proscribed from doing.

15 A Your phrase "turning to," I'm not trying to
16 nit-pick. Your question might imply the Government then
17 says, Okay, we have to go here, we have to go here.

18 Q That's what I'm suggesting.

19 A So in that context, the answer is no.

20 Q Okay.

21 A There were obviously discussions the money was
22 drying up and there wasn't going to be any and somehow
23 these guys had to live, sure. It is obvious.

24 Q But --

25 A They were undertaking their own fund-raising

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1 efforts.

2 Q I understand. But there was no, to your knowledge,
3 unconscious decision to have people in the Government such
4 as Oliver North deal directly with these private groups
5 to see to it that they did things in furtherance of our
6 policy in Central America because the Government could no
7 longer engage in those activities; a conscious decision to
8 do it rather than simply knowing they were already doing
9 it?

10 A I was unaware of any conscious decision or
11 discussion.

12 Q Did you have any perception that Lieutenant
13 Colonel North had any connection with private groups opera-
14 ting in Central America?

15 A Colonel North had strong feelings on the issue
16 of the contras and the role they played. The rest of
17 us did -- all of us felt strongly. Anybody who examined
18 that policy from the Executive Branch -- I'll tell you my
19 feelings.

20 I felt that the presence of the contras was
21 fundamental to carrying out the purpose of the policy.
22 I consider the contras as an instrument of U.S. national
23 policy. I will let every other guy describe how he felt
24 about it. I think that -- so I felt strongly about it.
25 I think Colonel North also felt strongly about it as part

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1 of the policy, and also as part of an entity, a group
2 per se. A differentiation between the two.

3 Q But my specific question is whether or not you
4 had any perception beyond that about his connection with --

5 A I think it would be fair to state -- knowing how
6 strongly he felt about the contras as an entity as opposed
7 to a policy, I would not have been surprised if he had
8 talked with people and been in contact with people whose
9 aims were to raise money for the contras.

10 If you see Ollie North as I saw him, dedicated,
11 a person with strong feeling on the issue, it would not
12 be unusual for him to enter into that kind of discussion,
13 contacts.

14 Q But were you aware, did you have any specific
15 knowledge of his involvement?

16 A No. No.

17 Q There has been public testimony now before both
18 committees relating to what other witnesses have said about
19 Colonel North's activities during -- let me take the time
20 frame of mid-1984 to mid-1985 when you were assistant
21 secretary for Latin American Affairs, in which witnesses
22 have alleged Colonel North passed military intelligence to
23 the contras, had a supply of Traveler's checks in his
24 office and made payments to contra leaders. It is fair
25 to say you were not aware of any of those activities of

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1 Colonel North?

2 A I knew nothing about Traveler's checks. With
3 regard to the issue of passing intelligence, it wasn't
4 in Colonel North's job description to do that.

5 Throughout this whole period of time, there was
6 always an issue about sharing intelligence or not. Congress
7 later clarified that point: The conduit for passing that
8 intelligence goes through the Central Intelligence Agency.
9 If, in fact, the decision was made or not made, that was
10 the conduit to do it.

11 To ⁵answer your question, the answer is no.

12 Q Certainly it was your perception it would not
13 be in any event part of Colonel North's job description
14 to be the conduit for military intelligence to the contras?

15 A That's correct. With the caveat I don't write
16 his job description nor give him his instructions.

17 Q I'm just talking about your perception of the
18 matter.

19 A That's correct.

20 Q Again on the same topic of general discussions
21 about what Boland meant and what could or couldn't be done,
22 do you recall that -- this would have been when James Baker
23 was Chief of Staff, before he became Secretary of Treasury.
24 Do you recall Jim Baker being very, very clear and emphatic
25 in his opinion about the Boland Amendment, that it was clear

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1 to him there could be no involvement of any of the Govern-
2 ment agencies with the contras during the cut-off period?

3 A What sticks in my mind is a statement made by
4 then Chief of Staff Jim Baker at a meeting in the Situation
5 Room at the White House. Obviously it had something to do
6 with Latin America. Otherwise, why would I be there? The
7 matter which he said was, as much as we might not like the
8 Boland Amendment and what it did as far as cutting down
9 our options, the facts were clear the U.S. Government had
10 to stick to the law. I can't recall -- I'm paraphrasing
11 what he said because I can't recall his exact words. That
12 was the impact in my mind. It was a strong statement.

13 Q That was the time Robert McFarlane was National
14 Security Adviser; is that correct?

15 A That's correct.

16 Q Do you recall Mr. McFarlane rendering any opinion
17 or did you have any impression as to his view of the
18 matter?

19 A He never rendered an opinion that I can recall.
20 And I never discussed it with him at length other than the
21 fact that we would have empathized how difficult it made,
22 or how we felt how detrimental it was to the interest of
23 the United States to have that restriction. I'm not
24 suggesting that he was fighting --

25 Q In June of 1984, there was an NSPG meeting

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1 which -- I'm not suggesting you were there, I don't think
2 you were -- an NSPG meeting which discussed specifically
3 the possibility of going to third countries to make contri-
4 butions or render aid directly to the contras in view of
5 the U.S. inability to do so because of the aid restrictions.
6 Do you recall there being discussions up to the NSPG level
7 of that matter during that time frame?

8 A That subject was discussed. Whether it was June
9 or after Boland or just before Boland, I don't know, but
10 it was also a subject of congressional inquiry.

11 At congressional hearings you got questions asked
12 before that period of time on the subject of third
13 countries.

14 I was unaware of any solicitation made to any
15 third country throughout the period that I was there.

16 With the passage of Boland, there was at least,
17 to my knowledge, a political decision made, which is a
18 sieve below a legal interpretation of Boland. You have
19 two sieves if you operate in Government: Should you do
20 this from a policy or political aspect, and can you or
21 can't you from a legal aspect. The first sieve is politi-
22 cal. In my mind it was very clear, and there was, if not
23 discussion, implicit instructions from the Secretary --
24 my understanding --

25 Q You mean the Secretary of State?

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1 A State. That for political reasons, we would not
2 solicit. At that time it was done for political reasoning.
3 The reasoning I will give you is this. As I see it, many
4 of the countries that could have been solicited or been
5 contributors were recipients of foreign aid, U.S. foreign
6 aid. You didn't have to be clairvoyant to understand sharp
7 opponents to the administration policy would try to make
8 the case, wait a minute, you guys are soliciting from these
9 guys, and that gets out in the record and clouds the issue.
10 It is a tough one to say, no, I'm not mad, type of approach.

11 So from a political point of view -- and I know,
12 I went up there and testified on the issue many times, I'm
13 not about to get into that. I didn't think it served us
14 any purpose in that sense. So there was a -- there was
15 no doubt in my mind it was political. It was a political
16 decision. I understood. There wouldn't be any solicitations
17 made by the Department of State.

18 I was only concerned about the Department of
19 State. I don't mean to say only the Department of State.

20 Q Let me make this clear now. Later in the time
21 period, in mid to late 1985, Congress, the Department of
22 State --

23 A I was gone by then.

24 Q -- authorized the Department of State to solicit
25 third parties?

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1 I understand that. Before that specific language
2 in the legislation, I'm talking about that time frame, I
3 understood that the Department of State certainly was not
4 going to be doing this activity, soliciting third countries
5 during the time you were there; is that correct?

6 A That's correct.

7 Q Now, did you also have an understanding that
8 that was going to apply to other parts of the Government
9 also, such as the NSC, Department of Defense, anyone else?
10 Were there discussions about whether other agencies could
11 or could not do that?

12 A No, it didn't enter into the discussion. I just
13 focused on the Department of State.

14 There's one aspect of this whole issue, donations
15 and/or solicitations from foreign countries. Another
16 aspect other than this, you are not going to deal in foreign
17 aid kind of thing. There are several countries in the world
18 that have a competing mirror image, North Korea, South
19 Korea, Taiwan, the Republic of China, Israel, the Arab
20 States, North Africa, black Africa. Those issues, zionism,
21 other issues get debated ad nauseum at forums like the
22 United Nations and other places. It is not unusual for
23 the countries on both sides of that issue in Latin America
24 to go around and try to win friends, because Latin America
25 is 33 countries, that's 33 votes. Some of them don't have

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1 relations with different ones. So it is not an unusual
2 event to find one or the other of these countries on their
3 own motion, if you would, trying to curry favors.

4 I can give you examples of the Republic of China
5 going to the Island of Dominique wanting to erect a cultural
6 center and do all kinds of things. What is the national
7 interest of the Republic of China and the Island of
8 Dominique? I just point this out to you because I think
9 in this whole thing of solicitation, it is in their self-
10 interest to do those kinds of things.

11 Again, it gets kind of fuzzy. It is an aspect
12 many people use. I see it in Guyana, Surinam, the
13 Republic of China, Taiwan, each trying to vie --

14 Q Were there any discussions about the second
15 sieve concerning third-country solicitation, that is
16 whether it could be done, whether it was legal?

17 A I don't recall any specific legal debate,
18 discussion of the issue because from my mind, that first
19 sieve had been passed so you didn't have to go to the
20 second sieve. I don't remember any, "let's write a legal
21 memorandum, let's have a meeting to discuss the legal
22 aspects." I don't remember that aspect of this thing.

23 The first sieve stopped so you just go on to
24 the second one. I think in most people's minds, if they
25 thought about it, they would say it is questionable.

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1 Q Now, you were not aware of any solicitations
2 made either by the Department of State or any other entity
3 of Government during your tenure as assistant secretary?

4 A That's right.

5 Q So if [REDACTED] was approached and contributed
6 \$2 million in 1984, that is something you are totally
7 unaware of.

8 A Absolutely.

9 Q And you were not aware of any discussions that
10 Colonel North may have had with [REDACTED]
11 [REDACTED] as to use false or end-user
12 certificates for [REDACTED] in an attempt to get aid to
13 the contras? You were not aware of any approaches
14 Colonel North made to [REDACTED] on that issue?

15 A No. There is only one incident, the specifics
16 of which I don't recall, and I believe it was [REDACTED],
17 the NSC, in an unusual procedure sent a cable to the
18 ambassador, Michaels can give you more specifics on this
19 and Craig Johnstone -- instructions, as I recall, by cable
20 were to inform [REDACTED] or solicit from

21 [REDACTED] something to do with arms coming to
22 [REDACTED] I think it may have involved different -- I'm
23 not even sure it is [REDACTED]. That doesn't
24 ring a bell. It may have been some other -- when we
25 became aware of that, we instructed the ambassador to

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1 disregard that cable, not carry out those instructions --

2 Q Did you do this by further cable?

3 A No, we did this orally by secure telephone. And
4 then went back to the NSC and pointed out to them, in our
5 opinion, I think in that case it was a violation of the
6 Export Control Act.

7 You [REDACTED] I don't ever
8 remember [REDACTED] and this probably would
9 not be a violation of the Export Control Act, but you
10 mentioned [REDACTED] and it rang a bell.

11 Q What was the time frame, do you recall? '84,
12 '85?

13 A I think it must have been '84 sometime. But
14 the NSC backed off and that was the end of that.

15 Q Who at the NSC was doing this?

16 A I'm not sure. I can't, I think McFarlane made
17 the final decision to back off. I can't speak as to whether
18 he was involved -- I mean, we get into this thing halfway,
19 the ambassador says I have a cable --

20 Q Something he got directly from NSC?

21 A Right. Michaels or Johnstone can give you more
22 specifics.

23 Q Was [REDACTED] the ambassador then?

24 A I really don't remember. It may have been
25 his predecessor.

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1 It was an unusual procedure. Ambassadors receive
2 their instructions from the Secretary of State. Ambassadors
3 are ambassadors for all the United States, the President's
4 personal representative.

5 The way instructions normally goes is from the
6 Secretary of State, and it is unusual and I think in rare
7 exceptions unhealthy for ambassadors to be receiving
8 instructions from Africa or whatever.

9 Q You were not aware of any contributions by the
10 [REDACTED] during your tenure?

11 A No. [REDACTED] some-
12 body will say [REDACTED] were -- you know, a congressional
13 question that says, all right, did [REDACTED] give money (b)
14 to [REDACTED] --

15 Q You had no personal knowledge?

16 A No. I found out the guy was putting up a
17 million dollars a month. It came as a great surprise to
18 me.

19 Q I'm almost done.

20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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15 Q Let me just ask you, did you take any trips to
16 Central America with Colonel North?

17 A I don't think so. The trips I took to Central
18 America were either solo or ^{with} Harry Slaughterman. On one
19 occasion I went to Cap Weinberger. I don't think -- I
20 can't remember whether Ollie was on that trip or not.
21 But I took no other trips.

22 Q I know all of the activity, all the testimony
23 that has been developed so far in connection with this
24 secret airstrip in northern Costa Rica all took place after
25 your tenure as assistant secretary. My question is simply:

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1 When you -- given your involvement in Latin American Affairs
2 and your tenure as assistant secretary, candidly what was
3 your reaction when you read about this secret airstrip

4 [REDACTED]
5 [REDACTED] in northern Costa Rica? What was your reaction?

6 A If somebody had asked me whether we would be
7 able to do that, my answer would have been no. So from
8 that point of view, I thought it was a significant event
9 in that sense.

10 I always got the feeling the Costa Ricans were
11 short of that kind of visible support. The Costa Ricans
12 have kind of a different, paradoxical relations view of
13 Nicaragua.

14 If you run a poll in Costa Rica today and ask
15 the question, who do you hate the most, Somoza or the
16 Sandinistas, they would say Somoza.

17 Ask a second question: Who do you fear the most?
18 Overwhelmingly the Sandinistas. Because Somoza didn't
19 have any territorial -- there was a revolution without
20 frontiers, any of this stuff. These guys worry about
21 that. It is a very convoluted feeling they have.

22 Q Well, would you agree with this statement:
23 A covert airstrip being used or going to be used to help
24 resupply the contras in Nicaragua located in northern
25 Costa Rica with the knowledge of and some participation

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1 by the American embassy in Costa Rica and [REDACTED]
2 [REDACTED] is a matter of extreme significance
3 with regard to U.S.-Costa Rican bilateral relations?

4 Would you agree with that?

5 A I would deem the most significant aspect of that
6 question, that statement is the effect it has when it becomes
7 public.

8 Q In what sense?

9 A Well, in the sense that maybe in Costa Rica's
10 own best interest, they decided they want to support. The
11 body politic and the climate is such we are neutral and
12 we don't do that. If you have public exposure of this
13 information, it puts their government in an embarrassing
14 position.

15 Q Let me ask you this hypothetical question. If
16 you as assistant secretary had heard that a private
17 American group had negotiated with the Costa Rican govern-
18 ment for permission to put in a resupply airstrip to assist
19 the contras in southern Nicaragua, you as assistant secre-
20 tary would want to know more about that, wouldn't you?

21 A Yes.

22 MR. SMILJANICH: That's all I have.

23 I'm sorry. Let me pursue that one last question.

24 BY MR. SMILJANICH:

25 Q Why would you want to know more about that?

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1 A Because of the -- I guess because it is part of
2 the thing you put forward in the first question. I'm
3 leading off with that was the involvement of the embassy,
4 [REDACTED] and the rest of it. You know, if a rancher
5 decides to put in a strip, fine, but when you start bringing
6 the U.S. Government into it, then it starts affecting the
7 bilateral relations.

8 It was definitely a hypothetical question. You
9 asked for my reaction. I gave it to you. It was based
10 on your two questions.

11 Q Let me exclude the involvement of the American
12 embassy for a minute. If you knew that [REDACTED]
13 [REDACTED] considered this as a covert, secret matter that
14 was not to be discussed and that the airstrip was going
15 to be used [REDACTED]
16 [REDACTED] was going to be used to supply contras
17 in southern Nicaragua, if you heard about that, you would
18 want to become more informed about that topic, wouldn't
19 you?

20 A Yes, in the sense you always want to build up
21 your body of knowledge of what it is, the capabilities of
22 the contras and Sandinistas.

23 Now, as I say, you keep complicating this issue
24 by saying [REDACTED]. Well, [REDACTED]
25 isn't an official -- there is explicit letters signed by

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1 the President hammered out between Department of State and
2 the Central Intelligence Agency that specifies who does what
3 to whom and who has a right to know. If the CIA [REDACTED]
4 [REDACTED] conducts in any manner any kind of representations on
5 behalf of the U.S. Government or acting in the U.S. Govern-
6 ment capacity to make this happen, he is conducting an
7 operation within the area of authority, the ambassador
8 has a total right to know about.

9 So if the ambassador doesn't know, then [REDACTED]
10 [REDACTED] is in serious violation of a hammered-out
11 agreement. If the ambassador does know, then [REDACTED]
12 [REDACTED] has not violated that.

13 But then what happens after that is a whole
14 different function. I teach a course at the State Depart-
15 ment for new U.S. ambassadors. We go through the letters
16 of the President, the letters of the Secretary of State.
17 These agreements are modified by every President. There
18 is enough body of experience out there to be able to
19 tell. A CIA [REDACTED] cannot operate in that kind of
20 manner, without informing him and concurrence of the
21 ambassador.

22 Q If the ambassador knows about it and it is a
23 significant matter, the regional assistant secretary should
24 know about it likewise; isn't that correct?

25 A Should.

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1 MR. SMILJANICH: That's all.

2 MR. TRAYLOR: No questions.

3 (Whereupon, at 11:15 a.m., the deposition was
4 adjourned.)

3 emm

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Committee Hearings
 of the

U.S. HOUSE OF REPRESENTATIVES



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1 RPTS BOYUM

2 DCMN SPRADLING

3

4 DEPOSITION OF DAVID P. MULLIGAN

5

6 Monday, February 2, 1987

7 and Tuesday, February 3, 1987

8

9 House of Representatives,

10 Select Committee to Investigate

11 Covert Arms Transactions with

12 Iran,

13 Washington, D.C.

14

15 The select committee met, pursuant to call, at 11:00 a.m.,

16 at Headquarters, Southern Air Transport, Venadades Building,

17 6th Floor, Miami International Airport, Miami, Florida,

18 Charles Tiefer, Special Deputy Chief Counsel to the Select

19 Committee, presiding.

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20 MR. TIEFER: Let's go on the record.
21 My name is Charles Tiefer I am Special Deputy Chief
22 Counsel of the House Select Committee to Investigate Covert
23 Arms Transactions with Iran, pursuant to House Resolution
24 12, 100th Congress, First Session.
25 If the witness would take the oath at this point.
26
27 Whereupon, DAVID P. MULLIGAN, after having been
28 first duly sworn, was called as a witness and testified as
29 follows:
30 MR. TIEFER: Mr. Mulligan, if you would state your
31 name and address.
32 THE WITNESS: David Phillips Mulligan
33 [REDACTED]
34 MR. TIEFER: We will adjourn your deposition until
35 tomorrow.
36 [Whereupon, at 11:04 a.m., the select committee was
37 adjourned, to reconvene at 1:00 p.m. on Tuesday, February 3,
38 1987.]

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39 RPTS. BOYUM

40 DCMN SPRADLING

41 [1:00 p.m.]

42

43 MR. TIEFER: Mr. Mulligan, you recall yesterday I
44 introduced myself on the record, and you were sworn and you
45 gave your name and address.

46 THE WITNESS: Yes.

47 MR. TIEFER: You understand that you are still
48 testifying subject to that oath.

49 THE WITNESS: Yes.

50 MR. TIEFER: And that the oath requires you to
51 testify truthfully subject to the penalty of perjury.

52 THE WITNESS: Yes.

53 EXAMINATION

54 BY MR. TIEFER:

55 Q If we could go through your background, starting
56 with your education briefly, and what jobs you held
57 successively after you graduated?

58 A I was born and raised in New Britain, Connecticut.
59 I attended Barrow School in New Lebanon, New York, Colgate
60 University in Hamilton, New York, and after college I
61 obtained my pilot's licenses and in 1968 I went to work for
62 Overseas National Airways whose headquarters was in New
63 York.

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64 I worked with Overseas National until 1976, in 1977
65 I joined Air Florida, in 1978 I became the Chief Pilot, in
66 1979 I became Staff VP of Flight Operations, in 1980 I
67 became Corporate VP, Flight Operations, and resigned that
68 position on 19--March of 1984 to join Southern Air Transport
69 as Senior Vice President of Operations.
70 . Currently I hold that position.
71 . Q How did you come to decide to come to Southern Air
72 Transport?
73 . A I had known on a personal level Bill Langton for
74 five years, not intimately but we were acquaintances and
75 Bill joined Southern in 1982, moved to Miami, we renewed our
76 relationship and he a number of times had asked me to join
77 the company. I weighed the decision, Air Florida's
78 financial fortunes did not look altogether too promising at
79 that time, so I decided to take him up on his offer and that
80 was six months prior to them entering into Chapter 11.

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81 DCMN MILTON

82

83 Q All right. Do you retain currently your pilot's
84 license?

85 A No. I still have a valid pilot's license, but I do
86 not maintain "current⁶y."

87 Q One of the primary purposes of our relatively short
88 deposition today is going to be to show you a lot of
89 documents and to try to identify them. They have been
90 previously produced by Southern Air Transport to the House
91 investigation.

92 You should study them as long as you feel the need,
93 but you may find that you are not going to be questioned
94 closely on each line of them.

95 A All right.

96 Q I show you documents numbered 419 through 430, and
97 ask you if you recognize the type of form.

98 A 419, this is an accounting form that goes to the
99 CAB or DOT now. I think either Finance or Bob P^{erson} puts
100 this together. I'm not sure. Finance Department, I guess.
101 I don't normally deal with these forms. That will take you
102 all the way from 419 through 430.

103 Q You may not normally deal with them. Do you deal
104 with them enough to understand them?

105 A I think I am intelligent enough to read it and

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106 understand it but I don't deal enough--I don't even deal with
107 them at all, but it is pretty self-explanatory.

108 . Q I may ask you if you are familiar with some of the
109 flights that are identified on it.

110 . A Okay.

111 . Q They happen to have been produced in reverse
112 chronological order, so I will start at the back and come
113 forward. That seems a little odd.

114 . Page 428, which is the earlier sheet.

115 . A Yes.

116 . Q On line 24 there is a notation about a B-707
117 flight.

118 . A Yes.

119 . Q An LCS to [REDACTED]

120 . A Yes.

121 . Q Are you familiar with that flight?

122 . A What is the date of operation?

123 . Q You see the form in the upper right corner with a
124 period, ending December 31, 1985.

125 . A But I don't have a date for that.

126 . Q If your answer is that without a specific date you
127 would not be familiar with the flight, then--

128 . A That is a fair statement.

129 . Q All right.

130 . I may then forego the rest of them because there

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131 are no dates of specific flights on any of them. I will not
132 mark this as an exhibit; the witness did not recognize them.

133 I show you document 1783 and 1784, and ask you if
134 you recognize this type of form.

135 A Yes, our standard aircraft log for the 707.

136 Q If you could start in the upper left corner and
137 work your way through explaining what each block of
138 information means, it is not so much the particular flight
139 being of any great significance as to explain what the
140 columns on the form mean generally.

141 A You want me to go through every block?

142 Q You can do it in a way that it doesn't take a long
143 time, that would be fine.

144 A I think some are self-explanatory, date, type of
145 aircraft, the tail number.

146 Q Let's slow down. Do you know what the date
147 signifies on this form?

148 A This is the date of operation for this particular
149 flight, or flights if more than one are listed on the log.

150 Q And the aircraft type?

151 A 707.

152 Q And going to the next column, what is that?

153 A That is the registration number of the aircraft, in
154 this case November, 525 Sierra Juliet.

155 Q Who provides those tail numbers?

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156 . . . A They are assigned permanently to the aircraft by
157 the FAA.

158 . . . Q Does Southern Air Transport register each aircraft?
159 . . . A Yes.

160 . . . Q And is the number provided when registration
161 occurs?

162 . . . A Yes, and in this case what Southern Air Transport
163 has done is we have with the FAA reserved a block of numbers
164 so they are sequentially issued at our request, so our 707s
165 are 523, 524, 525; if we put additional airplanes on, they
166 will be 526, 527. So we have a block of numbers reserved
167 for Southern Air.

168 . . . Q Are you familiar with the--even in a general
169 way--with the requirements of the FAA as far as registration,
170 what must be registered and what does not have to be
171 registered?

172 . . . A In a general way.

173 . . . Q Is Southern Air Transport required to register a
174 plane as soon as it purchases the plane or as soon as it
175 operates the plane or for what it is required to register
176 the plane?

177 . . . A It would be prior to operating the aircraft the
178 airplane must be registered. If we purchase an airplane it
179 does not necessarily have to be registered by U.S.
180 registration.

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181 As an example, if we leased an airplane from a
182 foreign country, the law now enables us to operate that
183 airplane with a foreign registration without converting it
184 to U.S. registration, providing the bilaterals between the
185 two countries permit it.

186 . Q Do you have to register a plane if you are not
187 going to operate it within the United States?

188 . A Yes.

189 . Q But will operate it overseas?

190 . A If we put it on our operations specifications, it
191 has to be registered to the company. Or let me restate
192 that; that is not exactly the case. It has to be listed in
193 our operations specifications but the airplane can still be
194 registered to a third party.

195 . Q Once you register a plane with the FAA, what
196 further information does the FAA require you to provide as
197 the plane is being operated? Do you have to give them
198 information on each flight that is made?

199 . A No.

200 . Q Do you have to make periodic reports?

201 . A No.

202 . Q Do you have to do anything to maintain the currency
203 of the registration?

204 . A I think it is renewed either on an annual or
205 biannual basis. I am not sure.

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206 Q And--

207 A The registration does expire and the exact term of

208 it I am not sure. I can't offhand recall.

209 Q Southern Air Transport were periodically--

210 A Renews registrations.

211 Q Who within Southern Air Transport handles that?

212 A Our Engineering Department which is a part of

213 maintenance.

214 Q Continuing on with the form then, reading across in

215 the upper right corner, there is a number.

216 A Yes.

217 Q What is the significance of that number?

218 A You are talking about in this case 2526?

219 Q Yes.

220 A That is a--that identifies that particular log page

221 number, they are sequentially going to, you go to the next

222 one, it is 2527, that is in order to ensure the wholeness of

223 the document so in other words, from a maintenance

224 standpoint, you can't--this provides there will be no missing

225 pages. In other words, if the page is used for maintenance

226 only and does not reflect a flight, it will be written on

227 the page, maintenance only, but it ensures that when the

228 documents are turned over to another party, that they are

229 whole.

230 Q When you say the whole document, what is the

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231 relationship of sequential pages to each other? Is it the
232 same aircraft, the same company, the same day?

233 . A No, you get a--this log book represents about 50
234 pages and I think it is 50 pages. In this case probably
235 2501 to 2550 were issued to this airplane. Once that log
236 book is used up, it will be issued another log book, also go
237 sequentially numbered pages, but not necessarily following
238 in this order.

239 . Q Okay. Let's go on. We go back to the left side of
240 the page. Would you explain the boxes, the blocks on the
241 left side of the page?

242 . A We have captain's name, initial, employee name,
243 number, his signature.

244 . Q Those can you--can you tell me who those relate to--I
245 don't mean the particular person. Will it be one person who
246 has a number and signature?

247 . A No, if you go across, captain's name is first,
248 followed by his first initial, followed by his company
249 employee number. And the captain is required to, is the
250 only one required to sign the log page. That is his
251 signature.

252 . If you continue across on the blanks that are not
253 filled in, ACM stands for additional crew member, last name,
254 initial, employee name and number. Obviously, in this case,
255 up on those lines there was nobody onboard. You go down to

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256 the next line, that is the first officer, his initial, his
257 employee number, and the next one it says ACM. In this
258 case, McDermott, he was load master on this flight, his
259 employee number, and then ACMs are blank there.

260 . Then you go to the next line, that is the flight
261 engineer, his initial, his employee number, and then ACMs
262 are left blank because those constituted the only people
263 onboard the airplane.

264 . Q Now, can you explain to me the significance of the
265 employee numbers? Who assigns them? Are they reported to
266 the Government in any way?

267 . A No, they are employee numbers. What is the mystery
268 with that?

269 . Q Southern Air Transport gives each employee a
270 number?

271 . A Yes.

272 . Q Do they give each employee a number whether he is a
273 person who flies planes or not?

274 . A All employees have employee numbers.

275 . Q And they don't--to your knowledge, is Southern Air
276 Transport required to inform FAA of who its employees are
277 and what the numbers are?

278 . A No.

279 . Q Continuing on the form, where it says "flight
280 number" and on to the right, if you explain what those

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281 blocks are.

282 . A "Flight number" in this case, the number assigned
283 to this trip was 525, and the routing is from Brownsville,
284 Texas, to Lisbon. "Out" means the time it blocked out
285 under its own power; "off" means the time of lift-off;
286 "on" means the time of landing, and "in" means the time
287 it stopped at the gate or wherever it parked.

288 . Q The flight number, would you explain the
289 significance of that?

290 . A In this case it appears this was a ferry flight, so
291 for flight number, we just assign the last, the tail number
292 of the airplane becomes the flight number in that case.

293 . Q And the blocks as you continue along?

294 . A Total flight, total block, the flight was a
295 duration of 9.2 airborne, that is wheels off to wheels on.
296 The block time, that is from out to in, was 9.6 hours.

297 . The next column, it says LNDS, with the C and F
298 under that column, with a line through the F indicates that
299 the first officer made the landing.

300 . Q What would a mark in the other column be?

301 . A Means the captain made the landing. Fuel added in
302 gallons was not recorded there, but I would have to presume
303 they added fuel. So I don't know why they didn't add it
304 here.

305 . The next one is fuel onboard in pounds. When they

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306 blecked out of Brownsville, they had 138,000 pounds of fuel.
307 When they arrived at Lisbon, they had 29,000 pounds of fuel
308 remaining. They added, oil added to the various engines,
309 and it shows that there was no oil added. That is about all
310 you can say for going across there.

311 . Q Go right ahead on the next line underneath.
312 . A Mileage?
313 . Q Yes.
314 . A Mileage is the total air mileage between
315 Brownsville and Lisbon. Renew cargo shows no entry, so it
316 was a ferry flight; it was empty.

317 . There was a delay out of Brownsville for seven
318 hours and looks like 50 minutes for maintenance.

319 . Q Could we slow down? On revenue cargo, if there is
320 a number in there, what would the number signify?

321 . A Total weight of the freight.
322 . Q In pounds?
323 . A In pounds.
324 . Q Okay. You were saying about delay length.
325 . A There was a delay of seven hours, 50 minutes for
326 some maintenance reason. It doesn't specify.

327 . Q Skipping down to the lower left corner, can you
328 explain what each of the entries in the lower left corner
329 signify?

330 . A This page, at cetera?

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331 Q Yes.

332 A It is scratched out but it appears it is 44,000,

333 whatever. That was total time that had been flown on that

334 aircraft prior to this flight.

335 Then the next entry is 9.2 and if you look up, that

336 corresponds with the total flight up above. You add that to

337 the 44,000 and odd hours and that gives you a new total, and

338 it gives you the ability to correct on that page for

339 arithmetical mistakes.

340 Q And in the lower right corner?

341 A Okay. It indicates that an A check was completed--

342 Q Is that a particular type of maintenance?

343 A Yes, that is a very minor, minor check, basically a

344 glorified preflight check.

345 Q Fine. Let's skip the rest of the blocks. If you

346 look at the following page, page 1784, and just look at the

347 routing.

348 A Yes.

349 Q Or at any other columns helpful to you. Is this a

350 continuation of the same flight of the same aircraft? That

351 is on page 1783.

352 A Yes.

353 Q And you know that because?

354 A Two reasons: one, the dates, it is the next date,

355 and the sequence of the log page numbers.

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356 Q Okay. Do you also have to check that the tail
 357 number is the same?

358 A Yes. You would do that, too, sure.

359 Q Can you describe the routing of this next flight of
 360 the same plane?

361 A Yes, departing Lisbon and went to Santa Maria in
 362 the Azores; from the Azores went to Antigua; Antigua, it
 363 went to KJP---they had a mechanical. It is probably Kingston.

364 Q How do you know it is a mechanical?

365 A Dave just reminded me we had a problem. I forgot
 366 about that.

367 Q Can you tell anything from what is written there
 368 that you had a mechanical?

369 A No. I can't see it here unless I am missing
 370 something obvious.

371 Q Don't work on it. I am mostly trying to understand
 372 the significance of each block of letters.

373 From the ANU, that signifies Antigua?

374 A Yes.

375 Q Does the MUKP signify Kingston?

376 A Yes.

377 Q If you would continue on with the flight.

378 A From Kingston they went to, looks like, but my
 379 recollection of that flight was that it went to
 380 the correct designator, three-letter designator for

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381 was [REDACTED] I think the crew didn't know it and they
382 phonetically came up with [REDACTED] From [REDACTED] they
383 ferried to Brownsville.

384 . Q Okay. Who, before we get on with that, who fills
385 out this form and when do they fill it out?

386 . A Generally, it is the copilot fills it out, and the
387 flight engineer will make some entries, and the captain will
388 sign it, generally speaking.

389 . Q Is one copy made or more than one copy?

390 . A No, there are about three or four copies.

391 . Q Where does each go?

392 . A The yellow copy comes to OPS, the pink stays in the
393 book with the airplane for a period of time, and the white
394 gets mailed to maintenance or went into maintenance, Miami
395 maintenance.

396 . Q What does OPS do with it, and what do you mean by
397 OPS?

398 . A Operations. They take the times off the log sheet
399 to verify that their entries that they record down there are
400 correct, for bookkeeping.

401 . Q Anything else?

402 . A Yes, they stay there for about 90 days.

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403 RPTS BOYUM

404 DCMK PARKER

405 . Q Do they make copies to provide to anybody?

406 . A Not unless somebody requests it. Maintenance has
407 their copies, and they distribute it. Their copies within
408 the maintenance organization, planning needs them for
409 records and quality control needs them, people like that,
410 standard housekeeping chores.

411 . Q Do any copies go to the government?

412 . A No.

413 . Q Does the government ever come around to inspect
414 these?

415 . A Yes.

416 . Q Under what circumstances?

417 . A Primarily as a maintenance function. They just
418 check to see if you are maintaining the airport in
419 accordance with the FARs. They can do that by checking log
420 book pages. They check write-ups and sign-offs to see if
421 there are proper sign-offs on discrepancies, things of that
422 nature.

423 . They check to see if you have not overgone any
424 check intervals.

425 . Q That would be done by the FAA?

426 . A Yes, maintenance people within the FAA that are
427 assigned to us.

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428 Q Have other government agencies such as Customs ever
429 come around to inspect Southern Air Transport aircraft for
430 violations that you know--logs that you now?
431 A Aircraft logs? Not that I am aware of. Not to say
432 it hasn't happened, but I don't know what they would get out
433 of aircraft logs.
434 Q Is the information entered by any department into
435 data processing?
436 A Yes, record keeping.
437 Q Which department does that?
438 A Our data processing department takes the master
439 log, takes the log and enters it in. There is an individual
440 that is assigned to that function.
441 Q But does operations provide them a copy from which
442 to work or does maintenance provide them a copy from which
443 to work? Who provides the copy to the data processing
444 section?
445 A I think maintenance provides them a copy.
446 Q And is all the information put on computer or only
447 some?
448 A Just some of it. Time is, names of crew members.
449 Q Is the routing put on data processing?
450 A Yes.
451 Q Do you know how long the information is maintained
452 on data processing?

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453 . A No.

454 . Q Do you have any idea whether it is more than a year
455 or less than that?

456 . A I don't know.

457 . Q Okay. Now, are you familiar with this particular
458 flight that is recorded? Do you recollect it or have some
459 knowledge of it?

460 . A Some vague recollection.

461 . Q What is your recollection?

462 . A Not much--I remember that he had, after he got out
463 of Antigua that he had a problem retracting the gear, and I
464 can't remember whether it was the nose gear or whatever the
465 problem was, and that is why he did go into Kingston, and
466 evidently got the problem fixed in Kingston, and then
467 proceeded on to [REDACTED] and was able to get full at
468 [REDACTED] and ferry back.

469 . I know of no other unusual recollections about the
470 flight.

471 . Q As part of your supervision of operations, are you
472 aware what cargoes, generally speaking, are carried, whether
473 they are, say, hazardous or non-hazardous?

474 . A Sometimes, sometimes they are not. We have an
475 awful lot of flights every day, and there are probably a
476 number of flights operating right now that has hazardous
477 material on them, but I am not aware of it.

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478 . . . 2 There is no space on this form that signifies the
479 nature of the cargo; is that correct?

480 . . . 1 No.

481 . . . 2 Do you keep other forms--does operations keep other
482 forms that reflect the nature of the cargo?

483 . . . 1 Well, on international flights you have the
484 shippers export documents. You will have HAZMAT forms--

485 . . . 2 Slow down. You are using shorthand again.
486 Shippers export documents.

487 . . . 1 Yes, SEDZ.

488 . . . 2 Go ahead, the other one?

489 . . . 1 You will have HAZMAT approvals.

490 . . . 2 What is a HAZMAT.

491 . . . 1 I don't know what the form number is, but it is a
492 form that allows you to go on if you are doing an
493 international operation.

494 . . . MR. VAN CLEVE: Is this short for hazardous
495 materials?

496 . . . THE WITNESS: Yes.

497 . . . MR. VAN CLEVE: This is probably through the
498 Commerce Department.

499 . . . THE WITNESS: It is FAA, I believe.

500 . . . BY MR. TIEFER:

501 . . . 2 What other forms reflect the nature of the cargo?

502 . . . 1 The cargo manifests, and if there is an airway bill

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503 | to cover the freight.

504 | . Q Which of these--let's go back to each shippers

505 | export form. Who in Southern Transport prepares that?

506 | . A It depends on whose--

507 | . Q Which department?

508 | . A In some cases the Sales Department handles them.

509 | In other times, Systems Operations has handled them.

510 | . Q Which is your department?

511 | . A Which is my department. One of my departments. It

512 | can vary.

513 | . Q Can you explain when your department does it and

514 | another department does it?

515 | . A In the case--that is a pretty good question.

516 | . BY MR. KIRSTEIN:

517 | . Q Can I check with him?

518 | . MR. TIEFER: Sure.

519 | . BY MR. KIRSTEIN:

520 | . Q The shippers export document would only relate to a

521 | flight from the U.S. to somewhere, so it wouldn't have been

522 | prepared in connection with a flight like this.

523 | . A The other one you ask--who does it, you know, that

524 | is a very good question, because there have been times when

525 | either the department has done it for no particular reason

526 | that I can recall, and I don't get that intimately involved

527 | in it, in my little area.

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528 . . Q Does the shipper prepare it for himself sometime?

529 . . A Yes, the shipper can provide a lot of it.

530 . . BY MR. TIEFER:

531 . . Q I won't go through the complete routing of those

532 documents. Do you have a knowledge of whether the shippers

533 export document, when you have it within SAT, is put in data

534 processing?

535 . . A It probably is not. I can't imagine why it would.

536 . . Q Then there is a hazardous materials form. Who

537 within SAT prepares that?

538 . . A Bob ~~Pearson~~^{OL} usually handles that.

539 . . Q What is his position?

540 . . A He is director of systems operations.

541 . . Q So he works under you?

542 . . A Yes.

543 . . Q And is that form put on data processing?

544 . . A No.

545 . . Q Cargo manifests, who prepares that?

546 . . A The shipper.

547 . . Q Does a copy come to Southern Air Transport?

548 . . A Yes.

549 . . Q Who keeps it?

550 . . A We keep a copy in operations for about 90 days, and

551 then dispose of it.

552 . . Q And the airway bill, what is the airway bill? What

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553 is it for?
554 . A I am not sales, and legally I don't know exactly
555 what it is, but--
556 . MR. KIRSTEIN: You are the witness.
557 . BY MR. TIEFER:
558 . Q Let me explain on that point. There may be
559 questions where someone else in the company would know much
560 better than you.
561 . A Bob Mason would know that.
562 . Q No doubt.
563 . A Specifically, what an airway bill and the legal
564 requirements for it are, I don't know.
565 . Q Nevertheless, I may ask you if you have knowledge
566 and even if your knowledge is much less than anyone else's,
567 I would like to have your knowledge. What is your knowledge
568 of what an airway bill is?
569 . A It is a piece of--a form that accompanies the
570 freight listing, what the freight is and the numbers
571 assigned to that shipment, and I guess it is used for
572 tracking purposes.
573 . Q Down where that goes on data processing within
574 Southern Air Transport?
575 . A No, I don't believe it does.
576 . Q To your knowledge is there any form kept on data
577 processing in Southern Air Transport which records the name

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578 of a cargo being shipped?

579 . A To my knowledge, no.

580 . Q Let's leave the world of forms.

581 . A Good.

582 . Q And come to a set of documents that were produced

583 to us in the nature of an Iran file. We will take them one

584 by one. I will show you page 787 and ask you if you

585 recognize it.

586 . BY MR. KIRSTEIN:

587 . Q If you have never seen it before that is an

588 acceptable answer.

589 . A I think I have . I think I have.

590 . BY MR. TIEFER:

591 . Q What can you tell me about it? Not deducing it

592 from what you see, but your sense of it from your

593 recollection. For one thing, do you recognize the

594 handwriting?

595 . A Yes. I think it is. I believe this writing is Bob

596 ~~Person's~~
Person's.

597 . MR. TIEFER: Let's mark the previous two forms that

598 we discussed, 1783 and 1784 as Exhibit 1 in this deposition.

599 . [The following document was marked as Exhibit DPM-1

600 for identification:]

601

602 ***** INSERT 1B-1 *****/

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603 THE WITNESS: The only problem I have is that this
 604 form has no date on it, but I am--I think I am familiar with
 605 this piece of paper.

606 BY MR. TIEFER:

607 Q Okay.

608 A Do you want me to talk away at it?

609 Q Sure.

610 A I don't recall the dates or I can't even vaguely
 611 pinpoint it right now, but this was probably used in
 612 discussions on a trip that I had up to Washington regarding
 613 these exact routings that were shown here.

614 Q So it was prepared by [REDACTED]

615 A Polson, P-O-L-S-O-N.

616 Q For you to take with you?

617 A Yes.

618 Q And what was the purpose of preparing it? What was
 619 it for?

620 A We were just discussing whether we could indeed fly
 621 these trips, whether we had the aircraft available within
 622 certain windows to actually complete them within a given
 623 time. That is especially for the 707 and the Hérc. The L-
 624 100 was just an exercise. I don't recall. There was some
 625 discussion about using a Hérc, but I think the price was too
 626 high.

627 The payload was too low. It was not a good value.

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628 2 It may be useful before we go through all these
629 documents--

630 A Tell you what, I have a better recollection now. I
631 remember seeing this, but this is not a form that I used,
632 not a trip I made. I think it was some other people made
633 it, now that I think about it, because I had made some trips
634 to Washington and discussed these very things, but not with
635 this form because, as I recall, I did mine over the phone.

636 2 All right. I don't want to go--excuse me. I don't
637 want to go at this time into a lot of detail about the Iran
638 flights, but since we will be showing you a lot of Iran
639 documents, it might be useful if I asked you to give like a
640 3 to 5-minute description of your sequence when you learned
641 that there were going to be such flights, what your part was
642 in them, not to get a lot of detail, but so the documents
643 will make some sense.

644 Each document is not a coherent chronology of the
645 story.

646 A Okay. I don't have a John Dean memory.

647 2 Well, we can't all be John Dean. Go right ahead.

648 A You want me to give you the 3 to 5 now?

649 2 Sure.

650 A Well, with that preface, I am very sketchy on
651 dates, but Bill Langton, our President, approached me about
652 doing some operations into Iran. At that time, the cargo

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653 was unspecified. We talked about aircraft routing, how we
654 could do it, and at a later date shortly thereafter I found
655 the point of departure was Tel Aviv, which was a little
656 perplexing in trying to figure out how we could route the
657 airplanes in there quietly.

658 . We came up with a basic game plan of down through
659 the Red Sea and up on in. Sometime after that, I can't
660 remember how long, maybe a month or two, it kind of died off
661 and then it came back.

662 . There was more discussion on it. I traveled to
663 Washington for the day with Bill Langton and met with Dick
664 Gadd. Further discussions on the subject--inclusive, but
665 discussions. I think after that, I am a little sketchy
666 here. Paul Gilchrist may have traveled to Washington to
667 meet with Dick Gadd, and Dick Secord, but I traveled to
668 Washington with Gilchrist and met with Dick Gadd and Dick
669 Secord and discussed more details, and I am sorry to admit I
670 can't remember whether we had already--we had not flown a
671 trip at this point, but we had discussions about [REDACTED]
672 passports at that time, who would be traveling.

673 . They would not say who was going to travel at that
674 point in time, although we were led to believe that
675 McFarland was going to make a trip. He was referred to as
676 Mr. Good.

677 . After that meeting we discussed aircraft routings

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678 and times--how we could accommodate it because we had a real
679 shortage of aircraft availability and we had to jockey our
680 system around in order to accommodate the trips from the
681 U.S. into Tel Aviv and back.

682 . We were finally able to do that, and basically that
683 is it in a nut shell.

684 . Q That is it for that flight. Were there more than
685 one flight to Iran?

686 . A Yes, and I didn't travel. What basically happened
687 is I kind of got out of the hoop on all this because Paul
688 was flying the trips. Paul Gilchrist was flying the trips,
689 and it was a weight of management, my time, to be intimately
690 involved because he was going to be doing it and he can
691 represent the company just as well as I could in these
692 discussions, so I kind of got out of it, and most of the
693 discussions were between Langton and Gilchrist, to Gadd or
694 mainly to Gadd, I guess.

695 . Q Let's see with that maybe we can fit the documents
696 in.

697 . The document that is page 787 came up at what
698 point?

699 . A I don't recall. This was on a trip that Gilchrist
700 and Footle made to meet with Gadd, and I don't recall the
701 date of that.

702 . Q Was it in preparation for the flight that you just

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703 described?

704 . 1 It may have been. Or it may have been another one.

705 I don't recall.

706 . 2 Whose writing do you recognize there?

707 . 1 The numbers and schedule are Bob Poirson's writing,

708 and the names down here in the lower left, that is in Paul

709 Gilchrist's handwriting.

710 . 2 Okay.

711 MR. TIEFER: Let's mark page 787 as Exhibit 2.

712 [The following document was marked as Exhibit DPM-2

713 for identification:]

714

715 ***** INSERT 1B-2 *****/

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716 BY MR. TIEFER:
717 Q I show you pages 788, and 789 and ask you if you
718 recognize them?
719 A 788 I can't even read. No, I don't recognize that.
720 Q All right. page 789?
721 A Yes, I recognize 789.
722 Q Can you describe, identify it, explain what it is?
723 A This was a list that was prepared by Bob Poirson
724 for Paul on questions that he wanted answered on one of his
725 trips to Washington, but I don't recall which trip.
726 MR. TIEFER: Let's mark page 789 as the next
727 exhibit.
728 [The following document was marked as Exhibit DPM-3
729 for identification:]
730
731 ***** INSERT 1B-3 *****/

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732

BY MR. TIEFER:

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Q I show you pages 818 through 821 and ask you if you can identify these.

A Yes. I believe this represents Paul's notes on his first trip, I believe, first trip to Tel Aviv and then on. That is all I know.

Q Do you know what was done with these after he prepared these?

A He prepared these on ATC in our office himself, and gave a copy to--let me read it and then give a copy to Bill Langton, and then I don't know what happened to them thereafter.

Q Were they ever prepared in a less rough form, ever redone?

A He thought this was pretty rough. I am sure-- I don't know. I don't want to speak for Paul.

Q You have no knowledge of any other version being prepared?

A No.

MR. TIEFER: Let's mark page 818 through 821 as Exhibit 4.

[The following document was marked as Exhibit DPM-4 for identification:]

***** INSERT 1B-4 *****/

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757 BY MR. TIEFER:
758 Q I show you page 822. Do you recognize it?
759 A No.
760 Q I show you page 823. Do you recognize that?
761 A Unless--
762 Q I don't mean to rush you.
763 A Well, unless 822 may be the end of Paul's report--I
764 think he made some recommendations, didn't he?
765 Q All right. On that basis, let's make page 822 a
766 final page to the exhibit previously marked. That will be
767 part of Exhibit 4, DPM-4.
768 Q Is it possible that page 823 is part of the same
769 document; perhaps not? Do you recognize page 823?
770 A No, but you want speculation?
771 Q No, I don't want speculation, but if you have a
772 basis for recognizing it, I would be interested.
773 A I wouldn't think it would be part of his report,
774 although it is a map of that area, and you see these numbers
775 written in, those are probably wind velocity and direction
776 and temperatures at altitude.
777 Q You were not familiar with this, so I won't make it
778 an exhibit.
779 Q I will ask you if you recognize page 830.
780 A No.
781 Q I will ask you if you recognize pages 831, to 834.

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782 . A No.

783 . Q Do you recognize pages 834 and 834B?

784 . A No, it is a standard form we send out on most
785 charter flights, but I have not seen this one. I mean, I
786 have no need to have seen it. I haven't seen either one of
787 these. These are nuts and bolts things that I don't get
788 involved with.

789 . Q I understand. From your knowledge of the way this
790 matter was run, is it likely that Paul Gilchrist would be
791 familiar with these particular documents?

792 . A He might have seen them, he might not have.

793 . Q I show you a series of documents from 1760 through
794 1777, and ask you if you have seen these.

795 . A He can give you some numbers. I saw 1762.

796 . Q If you will do it that way, why don't you read the
797 name on each form where you know--saw the form?

798 . A Frank Ball's secrecy oath.

799 . Q Okay.

800 . A 1764, David P. Mulligan's secrecy oath. Those are
801 the only ones I have seen.

802 . Q Is there a way you can give an explanation as to
803 why you saw two in particular, and not the rest?

804 . A One was mine. The other one was Frank Bell's who
805 is our manager of crew scheduling, and I had him sign it.
806 He really had no knowledge of what was going on, but in case

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807 he did, surmise what was going on. He was now sworn to
808 secrecy, but he really didn't have any idea.

809 . Q Can you explain the background around which you
810 came to sign such a form?

811 . A I think Bill Langton asked me to sign it.

812 . Q At what point in this matter did that occur?

813 . A I can't even remember.

814 . Q Was it before the flight took place or after?

815 . A I can't even remember.

816 . MR. TIEFER: Let's mark the two, 1762 and 1764, the
817 two you recognized as the next exhibit.

818 . [The following document was marked as Exhibit DPM-5
819 for identification.]

820

821 ***** INSERT 1B-5 *****/

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822 DCMX STEVENS

823 BY MR. TIEFER:

824 . Q I will show you a page, 731, which has a number of
825 names and boxes sort of on a tree, you are not familiar with
826 that, you have not seen this page before, have you?

827 . A No.

828 . Q But you recognize some of the names?

829 . A Yes.

830 . Q Can you say which names you recognize and whether
831 they work--whether they have worked at any time at Southern
832 Air Transport?

833 . A I recognize William Cooper--

834 . Q And for each one, if you would say a little about
835 when you believed they worked at Southern Air Transport?

836 . A Cooper, to my knowledge, never worked at Southern
837 Air.

838 . Q What do you recognize him from?

839 . A He was coordinating the maintenance activities for
840 the C-123s and the C-7s as they came through Miami heading
841 south. That is my association with Cooper.

842 . [REDACTED] worked for us and I guess he went down
843 south and did some maintenance for them down there. He
844 works for us now.

845 . [REDACTED] I knew him basically in the same
846 capacity as Cooper, actually working for Cooper coordinating

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847 the maintenance activities, purchases, things like that.
848 Q Did he ever work for Southern Air Transport?
849 A No.
850 [REDACTED] he flew as a crew member for us and then
851 was on a leave of absence. He was not working for us during
852 the period down there.
853 [REDACTED] I met once or twice. I knew him only as
854 a pilot. He never worked for us.
855 Sawyer had worked for Southern Air as a pilot.
856 During this period of time he was not employed by Southern
857 Air.
858 I recognize no other names on that list. I see an
859 [REDACTED] here, the name is vaguely familiar to me as one of
860 [REDACTED] but I don't know him and I don't know what
861 [REDACTED]
862 Q [REDACTED] you believe worked for Southern Air
863 Transport?
864 A I don't want to say.
865 Q No one else on the list you recall as having worked
866 for Southern Air Transport?
867 A No.
868 Q With respect to Mr. Sawyer, do you know how he came
869 to leave Southern Air Transport and be employed by the
870 operation in Central America, if you understand what I mean
871 by the operation in Central America?

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872 . . A Yes. No. I don't know how that happened.
873 . . Q With respect to [REDACTED] do you now how he came
874 to leave Southern Air Transport?
875 . . A No.
876 . . Q [REDACTED]?
877 . . A No.
878 . . Q Do you even remember these people leaving?
879 . . A I remember--
880 [REDACTED] MR. KIRSTEIN: I Don't think his testimony was that
[REDACTED] left the employ of Southern Air.
882 . . THE WITNESS: I don't remember how that was
883 handled. I think he was just transferred down there or what
884 [REDACTED] He is still with us. I remember [REDACTED] and
885 [REDACTED]
886 . . BY MR. TIEFER:
887 . . Q You do?
888 . . A Yes.
889 . . Q What do you remember about them leaving?
890 . . A They left. I mean, nothing remarkable about that.
891 They left.
892 . . Q Did anyone know where they had gone?
893 . . A No--well, you presume they were down there, yes.
894 . . Q On what basis did you presume that?
895 . . A You know something was going on down there and they
896 indicated to a few people where I got it second hand that

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897 that is where they were and that is where they wanted to be.

898 . Q Now, had Sawyer as a pilot worked under you, that
899 is, was he one of the subordinates of yourself?

900 . A Well, indirectly through the chief pilots and vice
901 president, flight operations.

902 . Q I don't know whether you developed an impression or
903 not, did you have any feeling when one of your people left
904 to do something else?

905 . A In Buzz' case, I thought that given the
906 circumstances it was a natural thing for him to do.

907 . Q And why did you feel that?

908 . A Because I have always viewed Buzz as a soldier of
909 fortune type.

910 . Q Was there something in his background that you knew
911 that made you view him as a soldier of fortune type?

912 . A No. Nothing specifically. There were just an aura
913 about Buzz.

914 . Q Although you have said that you did not recognize
915 this particular piece of paper, a number of names have been
916 taken from it, let's market it as the next exhibit, 731 will
917 be the next one.

918 . [The following document was marked as Exhibit DPM-6
919 for identification:]

920

921 . ***** INSERT 2-1 *****/

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922 BY MR. TIEFER:

923 Q Charter quotations by Southern Air Transport are or

924 are not handled in your department?

925 A Not handled.

926 Q In whose department are they handled?

927 A Sales.

928 Q I show you a document, a series of documents from

929 1148 to 1159, I may go through them one by one. The top

930 one, first, page 1147 and 1148.

931 A This is it?

932 Q That is it.

933 MR. KIRSTEIN: It is the back of a file.

934 BY MR. TIEFER:

935 Q Let me ask you if it assists you in understanding

936 it that my understanding is that those are the front and back

937 covers of a file.

938 A Yes, now that I see this one, I recognize this.

939 Q Would you explain what the file is?

940 A I had a very thin file that I labeled innocuously

941 as "charter" and that was the cover of the file, my front

942 cover. This must have been on the back cover. It says the

943 back cover, so I have to say it was there.

944 Q Can you tell the circumstances under which you

945 started to keep such a file?

946 A Yes. Your dates. Bill Langton told me that Dick

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947 Gadd had a series of trips in order to move some cargo, it
948 was not specific what the cargo was, but it was sensitive in
949 nature is what I was led to believe or actually told, from
950 [REDACTED] to Central America, destination unspecified at that
951 point.

952 . We at that time did not operate 707 aircraft and it
953 had to be done with a jet airplane because of the payload
954 and I think Bill had originally quoted Gadd using the Merc,
955 but the price was astronomical because it could carry only
956 about half, so it was not good economics.

957 . Bill asked me to make sub-service arrangements,
958 actually broker the trip out. So I handled that and became
959 the point of contact with Dick Gadd on these trips, and I
960 contracted with Arrow Air to do two trips and I don't know
961 whether this file--as I recall, I don't have any notes from
962 the second trip. I think these all pertained to the first
963 trip, but we did two sub-service with Arrow Air.

964 . I think one was in January, early January. I am
965 not sure exactly. I think the other one in February or
966 March.

967 . Q Did you normally handle sub-charters?

968 . A No. We wanted--this was considered to be very
969 sensitive in nature and I think that Bill Langton and myself
970 were the only two people in the company that were aware of
971 these trips and people may have had an inkling of what was

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972 going on, but I think we were the only two--I can't swear to
973 that, but I believe we were, there may have been somebody
974 else, but I didn't tell anybody else, although I may have
975 gotten Bob Poirson involved with a little bit of periphery
976 information just to help with some of the arrangements for
977 Arrow. I can't recall.

978 But in setting him up, I negotiated the price with
979 Arrow and negotiated the schedule, and Bill Langton
980 negotiated the price with Gadd.

981 Q Did you talk to Gadd at all?

982 A Oh, yes, I had a lot of conversations with Gadd.

983 Q Did you talk to anyone else working for Gadd?

984 A Prior to going or after they went or--?

985 Q Start with prior.

986 A Prior, no. The arrangements initially were all
987 with Gadd. They operated on the weekends and the first trip
988 was delayed well over 24 hours [REDACTED] due to the fact
989 that the freight was late, the freight was coming--I was led
990 to believe the freight was coming [REDACTED] and it was
991 coming in on [REDACTED] and [REDACTED] was closed due to a
992 snow storm.

993 While we were experiencing this delay, Arrow
994 obviously was quite upset because they had other things for
995 their airplane to do, the customer was upset and Dick was
996 fruitlessly going through Dick Gadd in Washington because he

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1003 There was an outfit over there also calling through
1004 trying to get information, just information, a company
1005 called "^{Defex}Defects", and there were some other people whose
1006 names do not readily come to mind, but they are in the notes
1007 probably.

1008 . And I may confuse--there were two trips and they
1009 both had problems so I may get some of the details--
1010 . 2 The January and March trips you mean?
1011 . A They both were screwed up. The trip in March, the
1012 customer wanted a maximum amount of payload capacity. It is
1013 high density freight, does not take up a lot of volume. In
1014 order--the airplane that they--that Arrow used was a stretch
1015 DC-8 that had 18 pallet positions. The freight could be
1016 spread over 13 pallet positions, so in order to conserve
1017 weight, I told Arrow only ship 13 pallets, don't ship 18,
1018 you can save five times 250 and that can convert to payload.
1019 . After being told umpty-ump times only to take 13
1020 pallets when they got [REDACTED] there were no pallets.
1021 They totally blew it and they were late getting there, too.

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1022 I forgot how late they were. So it was a real
 1023 fiasco, with Arrow trying to get pallets [REDACTED]
 1024 Their credit was not very good; they had to hand
 1025 deliver a check to [REDACTED] office in New York
 1026 to buy pallets from them and as soon as they had the money
 1027 in hand, the New York office told [REDACTED] to release
 1028 the empty pallets to them, because you can't load directly
 1029 on the floor.

1030 In the meantime, I am talking back and forth with
 1031 ~~Tom Oliver again and he is not a wet hen.~~ He is saying
 1032 he is getting all sorts of pressura from Secord, and I had
 1033 not prior to that met Secord, but he told me that he was an
 1034 extremely impatient guy and would not tolerate anything but
 1035 perfection and that this was unacceptable, and I said what
 1036 the hell am I supposed to do about it?

1037 You know, and also somewhere in these, I had one or
 1038 two conversations and I can't remember the details of either
 1039 conversation with this Albert Hakim and I think that was for
 1040 helping with some documentation on the trips, but I am very
 1041 vague on it, very, very vague at that, on that.

1042 Q You were making all these calls from your office
 1043 here?

1044 A No, from my home mostly.

1045 Q Why from your home?

1046 A It was the weekend.

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1047 Now, the calls that led up to, for the arrangements
1048 and everything else, were done during the week from my
1049 office, but when everything went to hell in a hand basket,
1050 it was over the weekend, so most of the calls were from my
1051 home.

1052 2 Okay.

1053 1 Most of the arrangements were done from the office.

1054 2 You had not known Secord before?

1055 1 No.

1056 2 You had not known Hakim before?

1057 1 I don't know Hakim. I only talked to him once or
1058 twice.

1059 2 Have you met Clines before?

1060 1 I had never met Tom.

1061 2 You had known Gadd before?

1062 1 Yes.

1063 2 What was the context in which you had known him?

1064 1 We had a business relationship with him where he
1065 was providing, I guess--

1066 2 Let me say, we have had previous information that
1067 may have been his contract but we have been of a sensitive
1068 nature and we don't want to go into it if it is of a
1069 sensitive nature.

1070 1 It is of a sensitive nature.

1071 2 Let's leave it at that.

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1072 . A But this is of sensitive nature, too.

1073 . MR. KIRSTEIN: It is a different kind.

1074 . THE WITNESS: I know, but I just want to bring a

1075 little levity to this.

1076 . BY MR. TIEFER:

1077 . Q Had your contact with Gadd only been in the context

1078 of that sensitive contract that he had?

1079 . A Yes, and support thereof.

1080 . Q Do you know what the cargo was that was [REDACTED]

1081 [REDACTED]

1082 . A I guess it would be speculation. I don't think I

1083 was ever definitely told that it was--Dick always referred to

1084 it as pineapples or things like that, but, you know--

1085 . Q When he said that, did you know for a fact or have

1086 a very strong suspicion that it was not pineapples?

1087 . A I knew it was not pineapples.

1088 . Q Did you now it was hazardous material?

1089 . A I think I did.

1090 . Yes, I did, yes.

1091 . Q In the course of your conversations with these

1092 various people, did you have an impression whether they had

1093 previously shipped such material?

1094 . A No. I had no impression.

1095 . Q Did the way they were making arrangements give you

1096 any impression as to whether they were declaring to the

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1097 governments involved along the way on this trip exactly what
1098 they were shipping?

in Portugal 1099 A The impression I got was that it was handled at
1100 [REDACTED] and at the end of the operation, but nothing was
1101 done in between. They were just transits.

1102 Q And if you can tell what it was that gave you that
1103 impression.

1104 A I just think the way the whole thing was handled.
1105 When you have a [REDACTED] airplane coming into the largest
1106 civil airport in the country and you are trans-loading ten
1107 odd-thousand pounds of freight, you have got ground handlers
1108 involved, you have got DEFEX handling paper work and things
1109 of that nature, you have Cline's over there and it had to be
1110 believe that it was oiled.

1111 I can't specifically say that it was, but the
1112 impression certainly was there.

1113 Q And did you form an impression at the time as to
1114 who the ultimate customer for this was?

1115 A It would be my impression only.

1116 Q Yes.

1117 A Yes.

1118 Q What was your impression?

1119 A Well, that it was going to be funneled perhaps
1120 through U.S. sources in Central America to the contras.

1121 Q Did you have an impression whether it was a U.S.

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1122 Government operation or not?

1123 . A Yes, I had the feeling that it was.

1124 . Q And what gave you these impressions?

1125 . A Well, let me further amplify that. I didn't think
 1126 that Dick Gadd was operating as an international arms
 1127 merchant.

1128 . Q Okay.

1129 . A I just felt that it was being done for a government
 1130 agency. I can't be more specific than that, but I think it
 1131 would have given us some problems, too, if we had felt that
 1132 Gadd was operating as--this is an editorial or comment--but if
 1133 Gadd had been operating independently, we would have had a
 1134 real problem with that.

1135 . Q And what would your problem have been?

1136 . A Well, you know, we don't fly arms around, we don't
 1137 fly arms around for any one, Dick or Barry.

1138 . Q In fact, do you know of Southern Air Transport ever
 1139 flying arms around for anyone other than the United States
 1140 Government?

1141 . A I have no knowledge.

1142 . Q Suppose I referred to hazardous material. Do you
 1143 know of Southern Air Transport flying hazardous material
 1144 around for anyone else, the U.S. Government?

1145 . A Oh, sure.

1146 . Q For who else does it fly hazardous cargo?

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1147 Illustrations, you don't have to name them.

1148 . A I can't off the top of my head, you know, customers

1149 probably like--we did one, I can't remember the customers,

1150 but oil drilling explosives and things of that nature, sure.

1151 Nothing unusual about that.

1152 . But they are not munitions.

1153 . Q Let's go through the rest of the documents in your

1154 file. We will see whether we make them--

1155 . A That is dirty pool this one.

1156 . MR. KIRSTEIN: The lawyers are to blame for that.

1157 . THE WITNESS: Yes, you get the blame for that. Had

1158 I not seen this I never would have recognized that.

1159 . BY MR. TIEFER:

1160 . Q By the way, on page 1148, do you recognize the

1161 inscription or the phone number now that you have looked at

1162 it?

1163 . A Yes, that is my writing and doodling on Dick Gadd's

1164 number.

1165 . Q Do you recognize page 1149?

1166 . A Yes.

1167 . Q Can you explain what it is? Would you identify it?

1168 . A Yes, and this relates to either one of the two

1169 Arrow trips, I don't remember which one, probably the first

1170 one. And it is the name of an individual with [REDACTED]

1171 [REDACTED] and they are a ground handling agent.

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1172 Q Do you have any recollection--does this refresh your
 1173 recollection as to what this individual might have done?
 1174 A I think that they, Clines had made arrangements
 1175 with them to do the ~~trans~~ load. It is for the loading of
 1176 the aircraft, nothing more, nothing less. Not that I know
 1177 of any way.

1178 Q Did you speak to this person?
 1179 A I don't remember if I did or not.
 1180 Q I show you page 1150.
 1181 Do you recognize it?
 1182 A Yes, vaguely.
 1183 Q Can you explain what it is?
 1184 A I believe that it is--it is only a belief--that it
 1185 was Tom Clines' hotel number, hotel room, and then just some
 1186 notes that I wanted to give him. The plane was delayed, I
 1187 was telling him when it was going to arrive, I made a note
 1188 how long it takes to load it and get out of there and I
 1189 guess my final note is when it would arrive at the
 1190 destination.

1191 Q All right. Page 1151?
 1192 A Oh, yes, this was--Arrow invoiced us in addition to
 1193 the basic rate they charged for the trip, \$30,000 demurrage
 1194 charges for the delay due to the snow storm [REDACTED] and
 1195 we did not pay it.

1196 Q What is document 1151? I think I recognize it.

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1197 . A It is an invoice from Arrow to Southern for
1198 demurrage charges of two days, I believe.
1199 . Q Could this be a xerox of an envelop with a window
1200 in it?
1201 . A That is probably a fair statement, yes.
1202 . Q 1152, do you recognize that?
1203 . A That is an amplified version of 1151. My memory is
1204 better than I thought.
1205 . Q Better than you said, I am not sure it is a John
1206 Dean memory.
1207 . A It is not.
1208 . Q Page 1153.
1209 . A It is my writing and it doesn't mean a thing to me
1210 now today. It is obviously some--a flight itinerary, but it
1211 doesn't mean anything today.
1212 . Q 1154.
1213 . A The first numbers are Arrow Air's local phone
1214 number, some notes about landing rights including
1215 destination and I told them that that was their
1216 responsibility.
1217 . Departure time. The other notes are telling them
1218 the customer would handle the onloading and offloading.
1219 . Also, instructing Arrow that they have to take care
1220 of ground equipment. Also asking Arrow for the aircraft
1221 registration, crew names and the arrival time [REDACTED]

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1222 . . . Basically, notes to myself of questions to ask or
1223 statements to make to Arrow.
1224 . Q Would you have kept a record of the names of the
1225 crew?
1226 . A I think I wrote it on a piece of paper and threw it
1227 away after I passed it.
1228 . Q Page 1155?
1229 . A I don't remember this. I mean, I don't have any
1230 good recollection of it.
1231 . Q Based on it, let me ask you a question or two. It
1232 purports to be a telex to the attention of Mr. Poirson and
1233 Mr. Mulligan. Do you recall telexes being sent back and
1234 forth at all on this matter?
1235 . A No, there was telexes or hard copy messages sent
1236 which were flight itineraries but never was the shipment in
1237 any of our telexes ever listed, and something else comes out
1238 on this one. This Mr. Wiegensberg, I first recall that Gadd
1239 told me that the shipment was being handled out of Canada or
1240 brokered out of Canada by a company called Transworld--
1241 . Q Arms.
1242 . A --arms. I think this Wiegensberg was with
1243 Transworld Arms but I don't now what happened, but I think
1244 he fell out of the loop somehow in the whole process.
1245 . Q Now that your memory from years ago which is
1246 holding up, it is coming back to you, does the fact that a

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1247 company with the name Transworld Arms took part in it, was
1248 that also part of why you were under the impression that
1249 arms might be being shipped?

1250 A Yes, that is right. Geez, it wasn't pineapples.

1251 Now I find out.

1252 [Laughter.]

1253 BY MR. TIEFER:

1254 Q Let's go out of sequence a little and I show you
1255 page 1157, another document.

1256 A Okay. The message itself, not the notes, the
1257 message itself was sent out by Arrow and it is a flight
1258 advisory itinerary just providing basic information
1259 concerning the trip.

1260 And it lists the consignee of the freight in

1261 [REDACTED] IDF class 3-C.

1262 Q What does class C explosives mean to you?

1263 A It can mean any number of things but in this case
1264 we knew it was ammunition. Really there is not--I suppose it
1265 is an itinerary message, set up sheet.

1266 Q Did Arrow Air, as well as Southern Air Transport,
1267 know that this was explosives?

1268 A I think I told them it was class C and I did
1269 not--they knew it was explosives but I did not tell them that
1270 it was ammo.

1271 MR. KIRSTEIN: They might have--

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1272 THE WITNESS: I told them it was class C, they
1273 figured it out, too.

1274 BY MR. TILFER:

1275 Q Is that your handwriting?

1276 A Yes.

1277 Q Can you explain what it signifies, what that does
1278 signify?

1279 MR. KIRSTEIN: Did you ever talk to Secord?

1280 THE WITNESS: No. You know, the interesting thing
1281 is I never did talk to Secord. I think I Got these numbers,
1282 these were notes I believe I made at home over the weekend
1283 when one of the trips was operating. I don't know why I
1284 ~~was~~ came down there, but I believe in my
1285 conversations with Tom Clines he was the one that gave me
1286 all these numbers for Secord.

1287 BY MR. TILFER:

1288 Q These phone numbers?

1289 A These phone numbers. When I told Gadd that I even
1290 have Secord's car phone number, Gadd expressed a little
1291 displeasure that I even had that. Basically, what happened
1292 on this trip, because of the snafus, all the coordinating
1293 activities, Gadd was out out of that loop and I was dealing
1294 direct with Tom Clines who gave me the impression that he
1295 was working for Secord.

1296 So I make a note here that the flight is

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1297 going to arrive Wednesday at 0130Z, the rest of it doesn't
1298 mean much to me. I never did contact Secord.

1299 Q Was Arrow Air working with you on the shipment out
1300 arrangements or had they left all that to you, the ground
1301 arrangements [REDACTED] and dealing with the delays and
1302 such?

1303 A I was getting fed the information on the delays,
1304 the first trip was delayed because of the [REDACTED] flight being
1305 delayed out of [REDACTED] I was getting that information on
1306 arrival times from Tom Clines who was in Lisbon.

1307 Then I would in turn advise Arrow when they could
1308 expect the connecting flight to be in.

1309 Arrow made their own handling arrangements for
1310 fuel, air, and electric. Somebody over there made
1311 arrangements for the loading of the freight. I can't
1312 remember who.

1313 Q What about at the other end, the [REDACTED] and, is
1314 that the destination?

1315 A Yes, the first trip went to [REDACTED] and the
1316 arrangements, I was told by Gadd, were handled, don't worry
1317 about it, when it gets down there--I am talking about the
1318 offload of the freight.

1319 Q Yes.

1320 A The offload of the freight was taken care of, it
1321 was handled by Gadd. I don't know who was going to do it,

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1322 but it was done.

1323 And the ground power, et cetera, was Arrow's
1324 responsibility to make arrangements for that.

1325 Q Looking again at 1157, do any of the other names on
1326 here mean anything to you [REDACTED]

1327 [REDACTED]

1328 A I was provided that name as the consignee by Dick
1329 Gadd.

1330 Q Did he give you any indication whether that was a
1331 real person who was going to receive the arms or was a
1332 useful name like the usefulness of the word "pineapples"?

1333 A He led--I led--I believe it was a bonafide person.

1334 Q You thought the--

1335 A Legit.

1336 Q You thought the arms were going to [REDACTED]

1337 A Yes, yes. Yes. There was no doubt in my mind. I
1338 didn't know how you could grease it through [REDACTED]
1339 without sending it through [REDACTED]

1340 Q On the lower part of the page, after [REDACTED] there
1341 is a name, Mr.--perhaps I am wrong to say "Mr." [REDACTED]

1342 [REDACTED] is that a name that means anything to you?

1343 A I am sorry. Where are we?

1344 Q Let me show you. It could be that that is not a
1345 name at all, but--

1346 A It is a name. I think it is the name of a--yes, I

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1347 think it is the manager [REDACTED] who was the handling agent

1348 [REDACTED]

1349 . 2 Two lines below that there is a Mr. Brown, does
1350 that have any significance?

1351 . 1 Speculation. As you see, it says MKPA, which I
1352 believe is Antigua, and you see LIAT, that stands for
1353 Leeward Islands Air Transport, and it is a local airline in
1354 the West Indies or the Windward Islands there, and one would
1355 assume that Mr. Brown is probably the station manager there
1356 and they are asking for providing ground and air.

1357 . This is a standard set-up message you do in any
1358 transit.

1359 . MR. KIRSTEIN: LIAT stands for "late, if at all"
1360 airline.

1361 . BY MR. TIEFER:

1362 . 2 And "regards, Jack Creed" at the bottom?

1363 . 1 Jack Creed worked or does work, I am not sure, in
1364 Arrow's cargo sales department and he set out--he was the one
1365 that sent out this set-up message.

1366 . 2 Were you dealing with him mostly over there or
1367 somebody else?

1368 . 1 I dealt with--very briefly with him. I was dealing
1369 primarily with a gentleman by the name of Don Ewing, who was
1370 their director of flight control.

1371 . 2 Do you know whether Ewing and Creed are still at

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1372 Arrow?

1373 . A I believe they both are.

1374 . Q Okay.

1375 . A They were really in the dark on this thing.

1376 . Q How did you know that?

1377 . A They didn't ask any questions and I didn't

1378 volunteer any information. It was as if they didn't want to

1379 know. It was just a trip to them.

1380 . Q I show you page 1158.

1381 . A This is a message that was sent out by, if you look

1382 at the bottom, "Parry/JW Flight Control". J.W. Is Arrow

1383 Air's two letter identifier. This message was just advising

1384 us of a revised itinerary for that trip. I think what I

1385 have done is crossed it off because I didn't believe it.

1386 then I verified it, and I wrote good times, and the other

1387 notes don't mean anything to me.

1388 . Q The fact it was a crew of five U.S. nationals, does

1389 that mean anything to you?

1390 . A Yes. But I don't know why there would be a crew of

1391 five. Other than it doesn't mean anything to me.

1392 . Q I show you 1156.

1393 . A Okay. This was on one of the trips, a contact for

1394 Albert Hakim, and I am not sure if cross references may not

1395 show that that is the same number as DEFEX offices.

1396 . Q You mean phone number or telex number?

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1397 A Yes. The phone number. The hotel number, room 823
1398 underneath that, that was I believe for Clines and--oh, I
1399 know what this was about. I told Arrow that I would get the
1400 traffic rights [REDACTED] for them and that is, that is
1401 another reason why I believe it was greased over. They got
1402 traffic rights and it was slow coming and I believe we even
1403 sent the airplane without landing rights over there.
1404 I am a little sketchy on that. Trying to get
1405 through the Clines, Clines was trying to arrange it or
1406 somebody in DEFEX office, there is another name which I am
1407 sure you will get to.
1408 Q Does the name Jose Garmel mean anything?
1409 A Dr. Garmel. I only talked to him once. I don't
1410 recall. It was over these traffic rights, and there was
1411 another guy, Lunes or something like that. Hakim was the
1412 guy that finally notified me when I got in touch with him
1413 that he or somebody had secured the landing rights.
1414 Q Was that an unorthodox procedure to send a plane
1415 over without landing rights?
1416 A No. Well, we--well, yes. I was led to believe that
1417 they were forthcoming, though, so it was kind of a role of
1418 the dice. I had every reason to believe they were going to
1419 pull through.
1420 If it was less than a 90 percent shot, I couldn't
1421 have done it.

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1422 Q You may have said this, was Hakim in the United
1423 States during this time?

1424 A I think he was over there.

1425 Q So let me have your impressions as to where the
1426 players were. Clines was over there? In Portugal?

1427 A Clines was over in Portugal.

1428 Q Do you believe Hakim was in Portugal?

1429 A He was either there or San Francisco. I don't know
1430 why I think he might have been in San Francisco, But my
1431 memory does not serve me well.

1432 Q Where did you believe Secord was?

1433 A Didn't have a clue.

1434 Q And Gadd?

1435 A Gadd was in Washington.

1436 Q You were talking to him only by telephone?

1437 A I wasn't talking to him on this because he couldn't
1438 do anything.

1439 Q 1159.

1440 A I recognize the names. I don't remember anything
1441 about it.

1442 Q And might the phone numbers that are shown be for
1443 Jose Garnel?

1444 A Oh, yes. I am sure they are. I am sure.

1445 Q Were you trying to reach him? Or was someone just
1446 letting you know how to reach him?

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1447 . A Somebody let me know how to reach him. I probably
 1448 did reach him. I had more problems going on with that. I
 1449 can't remember who I contacted for what with all the
 1450 problems associated with this.

1451 . Q Does the word "parking arranged"?

1452 . A He may have--I can't imagine asking him for parking
 1453 arrangements because that is something I would have asked
 1454 [REDACTED] about, so I don't know.

1455 . I don't know what that number at the bottom where
 1456 it says "MONT" after it?

1457 . Q Yes.

1458 . A That doesn't ring a bell.

1459 . Q Is the name Mr. g-t-u-a-s, could that be the Mr.
 1460 Lums you referred to you were trying to place?

1461 . A Yes. And Rito might be his first name.

1462 . Q The [REDACTED] means [REDACTED]

1463 . A Yes. I don't know. I don't know who he is with
 1464 anymore.

1465 . Q Do you have any idea why this is on a piece of
 1466 paper that says "Amfac Hotel"?

1467 . A Yes, I think several months before I took a trip to
 1468 Dallas and I stayed at Amfac and it was just a piece of
 1469 paper I had lying on my desk.

1470 . Q Okay.

1471 . MR. KIRSTEIN: Now about a restroom break here?

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1472

MR. TIEFER: Sure.

1473

Let's mark this as Exhibit 7, the entire set of

1474

records, 1143 through 1159.

1475

[The following document was marked as Exhibit DPM-7

1476

for identification:]

1477

1478

***** INSERT 2-2 *****/

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1479 DCMN QUINTERO

1480 BY MR. TIEFER:

1481 Q Back on the record.

1482 I show you documents 1748 through 1752.

1483 A Yes.

1484 Q Do you recognize these pages?

1485 A Yes.

1486 Q Can you identify them?

1487 A This is a--1748 is a check request. It is a

1488 Southeastern Air form. And it was a check request to pay

1489 Arrow Air in advance for a charter flight, one of which we

1490 have already discussed.

1491 Q Before we go away, did you fill that form out?

1492 A I didn't fill this out, but I think probably what

1493 happened is I, probably on the phone, told somebody in

1494 finance, more specifically, our vice president of finance,

1495 that I needed \$107,000.

1496 Q Who was that at the time?

1497 A Probably at that time it was Tom--

1498 Q Does the name Crumney mean anything?

1499 A Tom Crumney; yes. He probably had somebody fill it

1500 out and issue the check, and I passed the check on to Arrow.

1501 Q You did the check in your hand?

1502 A Yes, I believe I did.

1503 Q Is that usual? I guess you didn't normally handle

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1504 | charters?

1505 | . A No, I don't normally handle charters. But as I
 1506 | stated earlier, I was the only point of contact within
 1507 | Southern Air on this, these charter trips.

1508 | . Q Page 1749?

1509 | . A It is just a standard aircraft charter contract for
 1510 | Arrow, with Arrow, for the trip we talked about.

1511 | . Q Did you have any dealings with David Sowers?

1512 | . A Sowers? He was their vice president of sales.

1513 | He really didn't get involved in any of the selling of
 1514 | this trip at all, but it became a sales function when you
 1515 | got down to picking up the money and signing the contract,
 1516 | so he handled it. The rest of it is just addenda to the
 1517 | contract.

1518 | . Q 1752?

1519 | . A This is a check request for the first trip, and you
 1520 | might know that the second trip was more extensive than the
 1521 | first. That is because they were unhappy with the way the
 1522 | first one went so with the delays with the [REDACTED] flight.

1523 | They didn't even want to do it and I talked them into it.
 1524 | and they raised the price. As it turns out they completely
 1525 | botched the second one.

1526 | They actually--that reminded me they owe me \$3,000 bucks.
 1527 | so we are probably even.

1528 | . MR. TIEFER: Let's mark this as the next exhibit.

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1529 [The following document was marked as Exhibit DMP-8 for
1530 identification:]

1531

1532 ***** INSERT 3 - 1 *****/

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1533 . BY MR. TIEFER:

1534 . Q Do you know this document?

1535 . A No real memory.

1536 . Q Do you recognize the handwriting?

1537 . A Yes; Poirson.

1538 . Q You said you were the only real contact point, but a

1539 number of times you have mentioned Poirson's name. Did he

1540 have a fair knowledge of what was going on?

1541 . A He knew that I was dealing with Arrow for a trip; he

1542 knew some of the routings; he didn't have any idea what the

1543 cargo was, or any of the other details.

1544 . MR. KIRSTEIN: This, from the data, doesn't have

1545 anything to do with Arrow; does it?

1546 . THE WITNESS: No; I think what this piece of paper

1547 is, it-- the Arrow flight was when?

1548 . MR. KIRSTEIN: January and March of 1985.

1549 This was your first--

1550 . THE WITNESS: This was much later.

1551 . BY MR. TIEFER:

1552 . Q Let's put this aside before we go to this. Now, we

1553 have gone over a lot of documents. I just want to see if

1554 anything more comes back to you about the January and March

1555 1985 flights.

1556 Did anything happen between the first and the second--did

1557 you discuss with anybody this seemingly strange event that

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1558 had taken place, or the new people you had talked to?

1559 . A I am not sure I understand what you mean by

1560 "'strange events.'"

1561 . Q If you don't accept my characterization, the events

1562 that had taken place on the January trip, the difficulty of

1563 arranging for delivery.

1564 . A No, nothing happened.

1565 You know, when you fly airplanes on a charter basis all

1566 over the world, regardless of what the nature of the freight

1567 may be, whether it is hazardous material or not, you have

1568 difficulties on an ad hoc basis. It is not like flying

1569 scheduled service.

1570 There was nothing unusual about any of these trips, as far

1571 as I was concerned, given my experience.

1572 These types of operations are fraught with difficulties.

1573 . Q Now, this was a different type of plane than the

1574 planes that Southern Air Transport had?

1575 . A Yes.

1576 . Q Large planes--did that provide any thought on your

1577 part about the usefulness of Southern Air Transport having

1578 such planes? Were there any discussions that came out of

1579 that?

1580 . A I think we had made a corporate decision, long

1581 before any of these trips, to get into another aircraft

1582 type. Clearly, we didn't get into the 707 to form these

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1583 types of trips because you can go broke in a hurry if that
 1584 is your only line of business.

1585 . Q When had the decision been made to get 707s?

1586 . A Oh, probably in October of 1984. We had a senior
 1587 marketing meeting and the decision was made at that time
 1588 that we had to expand the product line. We can't just offer
 1589 the Hercules, we had to offer an airplane as large as the 13
 1590 pallet position jet freighter. That is when that discussion
 1591 was made.

1592 . Q By senior management, who would have participated in
 1593 that?

1594 . A The chairman, the president, and senior vice
 1595 presidents, and--

1596 . Q Who were yourself and Mr. Crumney--

1597 . A Charlie Carson, Bill Layton, Jim Bastian, also at
 1598 that meeting was Les Humphrey, vice president of sales; and
 1599 Carl Holiver, who is no longer with us, director of
 1600 personnel, and Ray Farabee. But there was a decision made
 1601 by the senior management group to expand into another
 1602 airplane.

1603 . Q Was anyone tasked to go start the acquisition
 1604 process?

1605 . A I eventually was assigned the project and traveled
 1606 to Kuwait, and completed the purchase of three airplanes
 1607 from the ~~Kuwait~~ ^{Kuwait} Airlines.

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1608 . Q When did you go to Kuwait?
1609 . A Oh, March of 1985, after I finished fooling around
1610 with Arrow.
1611 . Q Did you know how many of them you would buy?
1612 . A Well, before I went over there obviously identified
1613 Telex Communications with them, knew they had three
1614 available, three were for sale. And so I went over there
1615 and spent a month negotiating the purchase of the three
1616 airplanes and their entire spares package.
1617 . Q By yourself?
1618 . A I had a technical representative with me who did the
1619 final inspection of the airplanes and then I had a
1620 couple--two of those guys, to do records research and then I
1621 had another guy who was an aircraft broker and he eventually
1622 ended up leaving and I finished the deal myself.
1623 . Q Did Bill Langton or Jim Bastian participate at all?
1624 . A No; only by giving me a lot of advice over the
1625 phone.
1626 . Q What was their advice?
1627 . MR. KIRSTEIN: Lower the price?
1628 . THE WITNESS: Lower the price, right.
1629 . BY MR. TIEFER:
1630 . Q Did you succeed in lowering the amount in your month
1631 in Kuwait?
1632 . A Yes.

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1633 . Q By how much, roughly?

1634 . A 4 million; 4.5 million.

1635 . Q What was it when you first started?

1636 . A \$10.5 million.

1637 . Q And it came down to?

1638 . A \$6.5 million.

1639 . Q Did that cover your expenses?

1640 . A Barely.

1641 . Q When did you complete the discussions?

1642 . A Sometime after Easter of that year. I know I was

1643 over there a long time.

1644 . Q And did the sale take place shortly thereafter, or

1645 not for a while?

1646 . A Well, we executed a sales document prior to my

1647 departure. And we took delivery probably two months later

1648 on the first airplane, I think it was June, May or June.

1649 . Q Did you know whether other airlines were attempting

1650 to buy these planes at the same time?

1651 . A There were other interested parties in the

1652 airplanes.

1653 . Q Did you have the sense you were competing with them,

1654 or the Kuwait^{is} were trying to get you to compete with

1655 them?

1656 . A I think they would have like to, but you would have

1657 to have perseverance in dealing with them. First of all,

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1658 they have to establish your credibility.

1659 They are very leery, and they had to qualify me as a
1660 legitimate buyer. That took some time before they would
1661 enter into serious negotiations.

1662 . Q During that time did you have a sense of what the
1663 other potential buyers were willing to pay for these planes?

1664 . A No.

1665 . Q Did the Kuwaitis¹⁵---they never--

1666 . A No. One of the advantages that we represented to
1667 Kuwait was that we were willing to take all three airplanes,
1668 which was their last 707s and their entire inventory, that
1669 was unique to the 707s, and took it all off their books.

1670 Most of the people going in were brokers, they wanted to
1671 do onesies or twosies, were not interested in the inventory,
1672 or only portions of it, so we were in a position to take
1673 everything off their books. So as a package it was
1674 attractive to them.

1675 If they had been patient and given a better geographical
1676 location, they could have piecemealed it out and realized a
1677 greater income. But they were smart in getting rid of it as
1678 they did.

1679 . Q You said you got advice over the telephone. Were
1680 any Telex^X sent back and forth to you while you were there,
1681 letters or other written communications?

1682 . A No.

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1683 . . Q Did you come back with any documentation?

1684 . . A Yes, a sales contract.

1685 . . Q But other than that, no memos or reports, or

1686 anything like that?

1687 . . A No. Well, I got a file this thick, other than the

1688 sales contract, that shows you all the parts that went with

1689 it and things like that.

1690 . . Q But Bill Langton would have to take your word for it

1691 as to everything you said took place in the negotiations?

1692 . . A He would have to take my word for it.

1693 . . Q Okay.

1694 . . A Yes, and the proof was in the pudding as it was

1695 delivered. I am still here.

1696 . . Q I show you--let's go back to 773, which has the date

1697 December 1985 on it. Do you have--you have said you don't

1698 have a recollection of that?

1699 . . A No recollection.

1700 . . Q Except you think it is Bob Poirson's handwriting?

1701 . . A It is Bob Poirson's handwriting; yes.

1702 . . Q Do you recall a flight in December 1985

1703 corresponding to this?

1704 . . A No.

1705 . . Q Okay.

1706 . . A Specifically on a date, no. We may have; we may not

1707 have. I don't think we ever did go to Bermuda on any of

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1708 | those routings to Central America.
1709 | . Q Or from [REDACTED]
1710 | . A From [REDACTED]
1711 | . Q You recognize the handwriting?
1712 | . MR. TIEFER: Let's mark this as the next exhibit.
1713 | [The following document was marked as Exhibit EPM-9 for
1714 | identification.]
1715 |
1716 | ***** INSERT 3 - 2 *****/

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1717 . BY MR. TIEFER:

1718 . Q. Previously you described certain forms that
1719 reflected cargo. Let me show you number 687 and ask you if
1720 you are familiar with that form?

1721 . A Yes.

1722 . Q And the--

1723 . A The form, I am--I have never seen this sheet before.

1724 . Q Okay.

1725 Can you describe the significance of the form?

1726 . A It is a general declaration. You have got to stamp
1727 it out and stamp it in by customs, list the aircraft number,
1728 company that operates the aircraft, flight number, the date;
1729 point of origin; destination, the crew members, cargo, and
1730 the rest is self-explanatory.

1731 . Q This has nothing--this particular form has nothing
1732 filled in in the cargo box or am I wrong?

1733 . A It doesn't because, probably, it was--the cargo
1734 manifests were attached so that probably took care of it.

1735 . Q And who fills this out?

1736 . A The company.

1737 . Q Meaning Southern Air?

1738 . A Yes.

1739 . Q Who in Southern Air would fill this out?

1740 . A Most of the time if it is out of Miami, somebody in
1741 the sales and service department would handle it, or if it

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1742 is not out of Miami the crew can handwrite it in.
1743 Q All right.
1744 MR. TIEFER: Mark this as the next exhibit.
1745 [The following document was marked as Exhibit DPM-10 for
1746 identification:]
1747
1748 INSERT 3 - 3 *****/

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1749 . BY MR. TIEFER:

1750 . Q Looking at document 688; do you recognize this type

1751 of form?

1752 . A It is a cargo manifest.

1753 . Q And can you explain the significance of this type of

1754 form?

1755 . A It is a standard document that has to accompany the

1756 freight, and it lists who the operator is, the flight

1757 number, the date, departure and arrival points and number of

1758 pieces, description of the goods, and who the--or or what the

1759 wait is.

1760 Then in this case it shows, I guess, who the consignee is

1761 and there, says there is, this must mean there is a shippers

1762 export document accompanying this.

1763 . Q You mean the SED in the right column?

1764 . A Yes.

1765 . Q Who fills this out?

1766 . A The service department.

1767 . MR. TIEFER: Mark that Exhibit 11.

1768 [The following document was marked as Exhibit DPM-11 for

1769 identification:]

1770

1771 ***** INSERT 3 - 4 *****/

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1772 . BY MR. TIEFER:
1773 . Q This--
1774 . A I think this is the complete SED, right?
1775 . Q Perhaps I have other pages. Let me see that back.
1776 . A I think you chopped off the top.
1777 . Q This is 689?
1778 . When you say incomplete--
1779 . A I think the Xerox top is missing.
1780 . Q That is 689?
1781 . A Yes.
1782 . Q Can you understand it even with the missing top?
1783 . A Yes. But I don't deal with this from very often so
1784 I am in uncharted territory here.
1785 . Q Do you know who fills this out, if it is done by SAT?
1786 . A This would be done by the shipper.
1787 . Q Let's not make that an exhibit yet.
1788 . I show you 691, 692, and 690.
1789 . A What is the difference between 690 and 691--689?
1790 . Q I am tempted to say 1.
1791 . A What?
1792 . MR. KIRSTEIN: It is the same document, it got
1793 copied twice for some reason.
1794 . MR. TIEFER: Yes, they look like the same document.
1795 . MR. KIRSTEIN: They are apparently the same.
1796 . THE WITNESS: They are the same.

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1797 . MR. TIEFER: All right.

1798 . BY MR. TIEFER:

1799 . Q Are you familiar with the type of form that 691 is?

1800 . A This is the shipper's export declaration and I don't

1801 deal with this very often, so I am not (to) very familiar with

1802 it.

1803 . Q Who in Southern Air Transport fills this out, if

1804 anybody?

1805 . A I believe this is filled out by the shipper.

1806 . Q And 692? It is similar to 689 but you will see at

1807 the bottom that the date is five days off, one is 9-13, the

1808 other says, 9-18. There are other differences. It is the

1809 same type perhaps. I don't wish to put words in your mouth.

1810 . A I don't know anything about this form. I have very

1811 little comment on it. I don't deal with them.

1812 . MR. TIEFER: Let's make this the next exhibit

1813 number, they are 689 through 692.

1814 [The following document was marked as Exhibit DPM-12 for

1815 identification:]

1816

1817 ***** INSERT 3 - 5 *****/

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1818 . BY MR. TIEFER:

1819 . Q Is Tom Hazlett in your department?

1820 . A No.

1821 . Q Were you aware in the end of 1985 when Southern Air

1822 Transport people were looking for a C-123 to purchase?

1823 . A I didn't know we were looking to purchase an

1824 airplane.

1825 . Q Okay.

1826 . What I am referring to is not a purchase for Southern Air

1827 Transport but a purchase by Southern Air Transport for the

1828 use of somebody else?

1829 . A Oh, I was vaguely familiar but not intimately. I

1830 was aware of the activity.

1831 . Q I will show you 1799 and I will have to share it

1832 with you, copies have run out at this point.

1833 . A Yes.

1834 . Q Can you identify it?

1835 . A It is an out of date Southern Air Transport

1836 operations department organizational chart.

1837 . Q Can you describe briefly what various people on the

1838 chart do and if you wish to make corrections as you go along

1839 to bring it up to day, by all means do so.

1840 . A Do you want to start with myself?

1841 . Q Yes.

1842 . A I am senior vice president, operations, and

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1843 basically I am responsible for technical services which is
1844 maintenance, flight operations, systems operations, for the
1845 airline, most of the production.

1846 There is a secretary under me, that is fairly obvious.

1847 . Q What is her name.

1848 . A Janet Shadow.

1849 . Q She is your secretary?

1850 . A Yes.

1851 . Q Paul Gillorist--let's back up.

1852 How long has she been with the company?

1853 . A Since July of 1985.

1854 . Q Who was your secretary before then?

1855 . A I didn't have one. I shared, we pooled.

1856 . Q Were there several secretaries who worked for many
1857 people?

1858 . A There were a few but there was one assigned to the
1859 operations department but I just didn't consider her to be
1860 my secretary.

1861 . Q Was there one secretary who was familiar with what
1862 your secretary would not be familiar with? That is sort of
1863 what I am asking?

1864 . A Mc, I handled most of it myself. I didn't get her
1865 involved other than just to type a letter here or there.

1866 And I don't generate a lot of paper.

1867 . Q Okay.

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1868 Next person on the chart.

1869 A Paul Gillcrist, vice president, flight operations.

1870 He is the chief, the chief pilots report, for the 707 and

1871 the Hercules, report to him.

1872 He is in charge of crew scheduling, the crew scheduling

1873 department reports to him. Basically anything to do with

1874 flight crew members in Southern Air are Paul Gillcrist's

1875 responsibility. Any of those matters.

1876 2 How long has he been with the company?

1877 A He has been with us since, I think May of 1985.

1878 The next person is, this is incorrect, lists Fred Johnson,

1879 vice president of technical services. He left the company

1880 in November or December, I guess, it was early December, and

1881 the current vice president of technical services is Kenneth

1882 Wilson. And in a nut shell he is basically responsible for

1883 maintenance of the aircraft, purchasing, stores, quality

1884 control, engineering, and other maintenance related

1885 activities.

1886 2 Do you know where Fred Johnson went?

1887 A No.

1888 2 Do you know why he left?

1889 A It was a mutual parting of ways.

1890 2 Can you explain that further?

1891 A I was unhappy with his performance.

1892 2 You say it was mutual?

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1893 . . . A He agreed that I was unhappy.

1894 . . . 2 There are two other boxes on the chart.

1895 . . . A We have C. Poirson, known as 'Bob' Poirson,

1896 director of systems operations.

1897 . . . Basically, the scheduling of the aircraft is Bob's

1898 responsibility, the dispatchers who release the flights

1899 report to Bob; all daily flight activity that does not have

1900 to do with maintenance or flight crews is Bob Poirson's

1901 responsibility. Set up ground-handling arrangements in

1902 various cities, fuel, landing rights, traffic rights, things

1903 of that nature fall under Bob Poirson.

1904 . . . The last one is Frank Zerba, director of maintenance

1905 administration. He is ombudsman in the maintenance

1906 department. He handles manpower requirements, budgets,

1907 reviews purchasing, customer bill-backs, invoices for

1908 contract services, and things of that nature, and acts to a

1909 degree as a divisional controller.

1910 . . . 2 How long has Bob Poirson been with the company?

1911 . . . A Since August of 1984.

1912 . . . 2 And how long has Frank Zerba been with the company?

1913 . . . A Fall of 1985.

1914 . . . 2 Do you have knowledge of a trip that Frank Zerba

1915 made to purchase Caribou? ~~He was not~~

1916 . . . A Vague knowledge. When he made that trip he was not

1917 in that box. He was manager of or director of--I don't know

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1918 his exact title, but it was a Burlington contract based in
1919 Fort Wayne, and Langton dealt with him directly on these
1920 trips. I had no involvement.
1921 MR. TIEFER: Let's mark this as the next exhibit.
1922 [The following document was marked as Exhibit EPM-13 for
1923 identification:]
1924
1925 ***** COMMITTEE INSERT 3 - 6 *****/

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1926 MR. TIEFER: I think that will be a convenient
1927 stopping point for me.

1928 The way in which the questioning tends to proceed is, I
1929 stop and George Van Cleve, who is our Republican colleague,
1930 will take over.

1931 THE WITNESS: Oh, good, we got a Republican in the
1932 room.

1933 MR. TIEFER: Do you want to go off the record or
1934 pick right up?

1935 MR. VAN CLEVE: I think I can pick right up.

1936 BY MR. VAN CLEVE:

1937 Q As Mr. Tiefer indicates, I am George Van Cleve,
1938 Deputy Republican Counsel for the House Committee. I have
1939 only a couple of brief questions and I have appreciated your
1940 willingness to answer questions.

1941 I have never been involved in the airline business and so
1942 some of the questions that I am about to ask you may seem as
1943 though they are not very well informed, and that is fine,
1944 because I don't know anything about this.

1945 You have testified and we have, of course, have previous
1946 testimony from other officials of your company, that you all
1947 perform trips carrying cargo from the United States to
1948 various points in the Middle East and, similarly, that your
1949 company assisted in transportation for material to Central
1950 America.

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1951 Is there any particular reason why if I had that kind of
1952 cargo to carry, I would come to your company, do you offer a
1953 specialized service that is not generally available?

1954 A The only service that we offer that--let me answer it
1955 this way. The 707 trips there are a number of people that
1956 offer comparable aircraft, either 707s or DC-8s, so what a
1957 prudent person would do would be to shop the market although
1958 we have to give consideration to the reputation of the
1959 operator, through reliability and integrity and things of
1960 that nature.

1961 So price can't always be the driving factor. I think we
1962 enjoy a good reputation. We used to. The Hercules aircraft
1963 is a different story. That airplane--

1964 Q If I could stop you on the 707 trips--if I
1965 understand your testimony correctly, there are a number of
1966 generally reputable companies that fly similar equipment
1967 that could have performed those trips?

1968 A Yes.

1969 Q And probably were generally competitive on price
1970 since they are in the same business?

1971 A I would have to assume they would be.

1972 Q So, in short, it will be your view that the decision
1973 to come to Southern Air as opposed to some other carrier was
1974 not simply a business decision?

1975 A Oh, that was a decision made by some one else. I

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1976 can't speculate on that.

1977 . Q I understand; but it is your testimony that there

1978 are people in the business who could just as well have done

1979 the job?

1980 . A Yes.

1981 . MR. KIRSTEIN: But that is a long way from him

1982 saying what their reason for hiring SAT is. That is your--

1983 . MR. VAN CLEVE: I understand.

1984 . BY MR. VAN CLEVE:

1985 . Q I don't want to characterize your testimony, but I

1986 want the record to be clear that clearly from the business

1987 point of view, if I were looking for a carrier, I would not

1988 have any difficulty finding a carrier who could do that

1989 work?

1990 . A That is correct.

1991 . Q Okay.

1992 . And you were saying on the 100--

1993 . A The 100 is a different category altogether. It is a

1994 unique airplane capable of carrying outside cargo, loads

1995 through the rear and so you can get large pieces in there

1996 that you can't get through the door of a 707, it is a side-

1997 loading door.

1998 . And there are very few commercial operators of the

1999 aircraft in the United States. In fact, now that we have

2000 took over Transamerican's 100 fleet the only U.S. operator

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2001 of Hercules aircraft is Mark Air in Alaska and they have
2002 three.

2003 There is an operator in Canada that has one and those are
2004 the only--and they are very small. So, those are the only
2005 operators in North America. So, there is no competition to
2006 speak of.

2007 . Q And the prime consideration in the use of that
2008 equipment again just so I have it clear?

2009 . A Outside freight. The ability to carry outside
2010 freight.

2011 As a sample, this weekend we flew a trip for Pratt Whitney
2012 from Hartford to Seattle and we took two jet engines. No
2013 other airplane in the U.S. is capable of carrying them other
2014 than a Herc, or a 747, but economics precluded chartering a
2015 747 for two engines.

2016 . Q So that in that area of your business a lot of the
2017 business is dedicated by the fact that you receive a
2018 specialized segment of the market?

2019 . A Yes, with limited competition.

2020 . Q Earlier your counsel produced for us a summary of
2021 flights, these are document numbers 1821 and 1822, and I
2022 will show it to you.

2023 I believe it is an exhibit from another deposition. As
2024 you can see it lists five flights between [REDACTED] and points,
2025 I guess, in Central America, between January 1985 and April

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2026 1986. You testified in considerable detail about the first
2027 two of these flights?

2028 . A Yes.

2029 . Q And what I wanted to ask was simply if you knew
2030 whether the arrangements for the three other flights
2031 involved similar cargos and were made by the same person or
2032 persons?

2033 . A I didn't get involved in as great a detail from a
2034 nuts and bolts standpoint.

2035 . Q Let me give you a minute, if you want to break it
2036 up, or look at it?

2037 . A No, I don't need to. From a nuts and bolts
2038 standpoint, I did not get as involved in the flights that
2039 were subsequent to the Arrow Air. The reason is, as I
2040 stated earlier, that we had limited, we had a limited number
2041 of people within the company that were aware of those two
2042 operations.

2043 Obviously, because we were performing the serve ^{it} ourselves,
2044 more people within our organization would have to know not
2045 only crew members but dispatchers and everybody else. They
2046 saw the airplane routed on the board, they knew where it was
2047 going.

2048 So when it got down to the nuts and bolts on these I
2049 didn't have as much detail. I did get involved in some of
2050 the planning earlier on not on pricing but on aircraft

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2051 availability, how would that fit into our windows of
2052 availability?

2053 And that was about the extent of it. Nothing too exotic.

2054 Q So you don't know what type of cargo was carried on
2055 those flights or have a general idea?

2056 A Oh, one would have to assume that it is the same
2057 routing from the same people that it was the same cargo.

2058 Q You don't have any information to suggest otherwise?

2059 A No.

2060 MR. VAN CLEVE: That is really all I have.

2061 Thank you. I appreciate your testimony.

2062 THE WITNESS: Surely.

2063 MR. TIEFER: There may be a need to depose you on
2064 other topics than the ones we covered today. I think that
2065 completes the lines of questioning for today.

2066 THE WITNESS: Okay.

2067 [Whereupon, at 3:30 p.m., the deposition was adjourned.]

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CERTIFICATE OF NOTARY PUBLIC

STATE OF Florida)
 COUNTY OF Dade) (To-Wit:

I, the undersigned, a Notary Public in and for the
 County and State aforesaid, do hereby certify that the
 witness, DAVID PHILLIPS MULLIGAN
 (Name of Witness)

7760 SW 181 TER , MIAMI
 (Address) (City)

FLORIDA 33157 , whose sworn
 (State) (Zip)

testimony appears in the transcript of proceedings attached
 hereto, was first duly sworn by me and placed under oath on
 this 1st day of February , 1987, and
 has on this same date acknowledged the same before me in the
 State and County aforesaid.

Given under my hand and seal in the City of
Miami , and State of Florida
 on this 2nd day of February , 1987.

Douglas H. Menden
 (Notary Public - signature)

DOUGLAS H. MENDEN
 (Name printed)

4401 FORTA MEDINA BLVD.
 (Address printed)

MIAMI, FL 33172
 (City, State, and Zip Code)

My commission expires:

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2228 XXX > 5:15
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102 MIA > 4:00
2228 SAT > 7:30
134974 VBR > 5:00
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791 Sum > 3:00
1526 MRS > 6:30
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QUESTIONS

FOR FLIGHT OF PHENOX

- up by new flights.
- ① FUEL SUPPLIER + PAYMENT AT AIRBAYS plan on getting out soon.
 - ② LANDING PERMITS AT ORIGIN & DEST 1815 on both types.
 - ③ HANDLING SET-UP / PAYMENT + NOTIFICATION
 - ④ AIRCRAFT CONFIGURATION MAC 108 or COM 125 Ready and on TAC down.
WHO SUPPLIES Reflex - Tied down
 - ⑤ IS SHIPMENT "RA" IN NATURE Standard EMS
Consider TRANSIT AIRPORT REQUIREMENTS
 - ⑥ CASH REQUIREMENTS (AS LEAVES TRIP 60) - NO STAFFED PASSENGER
OTHER THAN NORMAL AIRPORT SERVICES - Need Cash.
 - ⑦ DESTINATION AIRPORT REQUIREMENTS AIR STRAT? Refuel
 - ⑧ Running Bomb Make Sure we are talking about
PLT Don't Loose Threat FL's The Same place.

CONSIDER

TOTAL W. 120,000

SPW

190,000

310,000

Net Extra Cost 22,000 (est)

707 Req.
US Equipment

300C

Charlie + Debbie.

- Harrington

Shippers Export documents
Dick will supply the
Data +

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All personnel involved arrived in alpha on Friday evening. I met Scott and introduced him to the loadmaster, so that there would be some conference on the load. The following morning both 525 and 523 arrived at alpha on schedule. The crews left the hotel so as to allow approximately 1.5 hours of preparation prior to departure. Upon reaching Base Ops, I was informed that Mr. Thompson (Customs) would not be in until Tuesday, and that I should leave the paperwork with them. I had some misgivings about this arraignment, but complied leaving the S.E.D.'s in an "eyes only" envelope and the General Dec's attached. Upon reaching planside, the fuel people advised that if we wished to pay for the fuel via a Co. check we would have to pay his supervisor. It took 40 minutes for this gentleman to get to the aircraft so that we could begin fueling. While this did not cause any delay, it would have if everything else was on schedule. While all this was taking place, I was advised that not only was the load not on the field, but that it was not yet built up because of some confusion regarding ownership of the pallets (nobody wants USAF property in DELTA). When I asked how long this would delay us, I was informed "three hours." They also said that they were led to believe that we would not arrive until 1700. When I informed him that by my calculations it was 1730, he asked me, "What kind of a clock are you working off of?"

While all this was taking place, my qualms about the General Dec's got the best of me and I called Dick. He asked Scott if he had spoken with Thompson's boss (also briefed) and Scott advised he had been unable to reach him. We then tried to get in touch with Mr. Thompson, but he was lunching. When he finally returned our call (40 minutes later), he said "Don't worry, I'll have the Base Ops people sign the Decs for you." Thirty minutes later, I was handed one Gen Dec on which was written PERMIT TO PROCEED OK'D BY THOMPSON OF U.S. CUSTOMS KELLY AFB. This was totally unacceptable in as much as the last thing we wanted was a permit to proceed (implying that we would need customs at the next stop). I called our customs friend back and advised him of our concern and he said "Somebody will be there in 30 minutes". Thirty minutes later, a gentleman arrived and signed and stamped our Dec's. To these, we attached our "white" manifest for presentation to Canadian customs.

Once we were loaded it took another 30 minutes before we could taxi due to a number of avoidable circumstances: 1) All of the freight for the second aircraft had been placed directly behind our aircraft, 2) the GPU ran out of gas, 3) the airstart had a dead battery, and 4) no ground personnel to marshal us. Once we departed, the flight to YQX was uneventful until we arrived. As a result of our 4-hour delay at alpha, the weather at YQX had deteriorated to a very low state. Had we departed on schedule, our arrival weather would have been no snow and 30 miles visibility. As it was, it was lots of snow and 1/2 mile visibility. More importantly, we were unable to utilize the long runway which created a takeoff I would just as soon not repeat.

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Other than the takeoff, the trip to Bravo was uneventful. Upon arrival, we were told to follow a vehicle to a remote area and park next to the mission aircraft. After shutting down the engines, the locals very quickly offloaded the aircraft (15 minutes) and we carried the aircraft to the civilian side of the field. Once the aircraft was parked I asked the ground handler for a ride back to the secure area but was told that would be impossible. I had the loaddown charts for C and D, so I contacted Dick and asked where the crew was. He informed me that they were already enroute to the aircraft. I then contacted Richard at the hotel and advised him that the other SAT aircraft (523) would have the same plates available.

TRIP #1 TO DELTA TO BE PROVIDED BY LEN TOOTLE

TRIP #2, BRAVO TO CHARLIE

We returned to Miami on Saturday night. On Sunday night, Dick called and advised me that negotiations had been successful, and asked when was the earliest we could fly a second trip. I advised him that if we departed Miami Monday night we would arrive in Bravo on Tuesday evening. That would put us into position to operate Wednesday night; (the short notice could not be helped but it forced us into having to purchase extremely expensive tickets). Upon arrival in Bravo, we were met by Amiran and escorted through customs. Amiran was under the impression that we were to operate that Tuesday evening. I advised him that I thought that was a miscommunication and that I would check and advise. (An obvious concern to me was arriving unwelcome in C). After speaking with Richard, we were told that the trip would not go sooner than Wednesday night. I advised Amiran of this and set up a meeting the following morning to work out the con plan and discuss the condition of the aircraft. The con plan was laid out in much the same manner as the first trip. As to the condition of the aircraft we were informed that the items we had written up on the first trip were taken care of with exception of the Omega which apparently had checked out O.K. I then asked if they had

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changed the tail # of the aircraft to VR-BOX instead of the BRBOX that had been painted in error. (Our rationale for the former was that it was from Bermuda, and innocuous tail # rather than the latter which may be more inflammatory). Airman said that it had not been changed but what does it matter because "for us, it is no problem." When I informed him that they were not the people we were worried about, he laughed and promptly changed the subject. (We discovered on our return to Miami that a B rather than a V represents China!) That evening at approximately 1900 LCL an associate of Richards called and advised us that we were on for that night and they would like us to arrive in C at approximately 0700 LCL. I told him that we would depart at 2300 LCL. Once Airborne, we discovered rather quickly that the Omega did not work properly. Due to the lack of VOR's enroute we utilized the radar to follow the coast. (The concern was that with radar, we were announcing our presence to anybody who might be listening). We made all our Ops' normal calls enroute but the HF frequencies were so cluttered with traffic that we could not hear the responses for the most part. About 30 minutes out of C we called Approach Control. They seemed mildly surprised and asked us to contact Delta Approach and asked for a descent. They said negative, continue toward C. As it was clear, we began our descent anyway. After arrival at C, we were met by a number of officers all western-trained and 20 or so enlisted men who, for the most part, looked like ragamuffins. In addition to the Col. (F-4 trained in the U.S.) there was a gentleman best described as some sort of political officer who seemed to be a peer of the Col. (he wore civilian clothes). We had landed just at 0700 LCL as instructed but the Col. advised us that they had just heard from the headshed that we were coming and that they were in the process of scrambling F-4's when they received the call. I told them that I believed that was a communications problem on their end and in as much as we had known the night before. In any case, while we were there, we were cordially treated and it took them approximately 3 hours to offload us with a U.S. gov. issued K loader that was on its last legs.

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Some observations while on the ground at C. As with the first trip the locals were extremely interested in our point of origin and what nationality we were. They were informed that our point of origin was "somewhere in Europe". As to our nationality, it is hard to believe that anybody would not have known that we were Americans. In any case they continued to ask. I told the "political" officer that I was Austrian, and less than 10 min's later a man came over and started speaking very poor German to me. In as much as I speak good German I'm sure they were confused. About 10 min's after we arrived 2 F-4's took off. The aircraft had no external ordnance, and only rolled about 1000 ft before they were airborne. They were gone approx. 1 hr. and upon return did a number of approaches before shutting down. The aircraft appeared to be in good shape, at least visually. The ground equipment on the other hand were in varying states of disrepair. The enlisted men and officers seemed to work well together. Both groups pitched in equally, and were very enthusiastic.

CHARLIE TO BHOVO

Prior to starting engines we informed the Col. that it was very important that we be given only a clearance to takeoff from the tower. He seemed to understand that we wanted minimal radio traffic, and said he would take care of that problem for us. After closing the cargo door the locals asked if we would be willing to wait another 2 hrs. in order that they might give us a gift of caviar. I thanked them and said that we were expected to return at a certain time and that it would be better if we did not wait. They seemed disappointed but said they understood. Instead they presented us with 10lbs of platychios. We started engines and called for a taxi clearance. The tower then proceeded to have 10 min's of conversation with us concerning where we were going what airways we wanted what call sign we were using etc. Due to the sheer frustration of dealing with this person we agreed to anything they wanted just to get airborne and stop all this traffic. Once airborne the tower had us contact departure control. Departure wanted us to contact Delta center. This we ignored, as we ignored their repeated attempts to hand us off to Bahrain or Muscat. (Approx. 3 hrs. into the flight, above the border of Oman and Yemen we observed the contrail of an aircraft at about 45000ft traveling much faster than we were (we were at .84 mach) on a heading to intercept us. Andy Hill in 14 hours of flying added 10 years to his life by picking the worst possible moment to look out of the passenger window to sightsee. At that moment a desert camouflaged Jaguar from the Oman Airforce arrived on our right wing. What he saw was a white 707 reg # 8850X at an alt of 34000ft just outside their FIE. This no doubt aroused their curiosity, as he remained with us for approx. 7 min's. At one point I came up on 121.5 and asked him an "American" as I could if we could help him? He responded that we need to be careful of the artillery in the area. (we are not sure what that meant) In any case left the area after a time with no further comment. (we transmitted our intercepted will advise message via HF, but it was never received in B.) The remainder of the trip was nominal.

Upon return to B we were given a number to contact Richard in Geneva. The number we were given was short one digit as we were unable to contact him.

RECOMMENDATIONS

1. Better coordination at A.

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2. An alt airport for YGX
3. An understanding with the folks at C concerning com procedures and aircraft ETA.
4. Stage the entire operation out of Diego Garcia. (this will allow us to fly the entire mission and cross only one FIR.

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SECRET OATH

NO Year
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2-3-87

(Date)

I, FRANK BELL JR, have gained specific knowledge concerning a sensitive classified operation or mission pertaining to U.S. Government Special Activities. I realize that this operation or mission is security classified within the Espionage Laws of the United States and the National Security Regulations. I have been advised that the information I have or will gain from an authorized representative of the U. S. Government which pertains to this operation or mission is also classified under the Espionage Laws of the United States and the National Security Regulations and this information is not to be revealed to any unauthorized persons, firms, agencies or organizations.

I am obligated to protect from compromise whatever information I now have. The primary subjects to be protected are:

- The fact that this program was initiated or completed.
- The detail of any concept which was considered or developed.
- Lists of personnel, facilities, other special assets involved in these projects.

"I do solemnly swear or affirm that I will not divulge to anyone the nature, general or specific, of the mission, assignment, location, duties, or any information developed concerning them except as specifically authorized by the National Command Authority or designated representative of the specific agency involved. I further understand that this oath is intended to apply for an indefinite period of time."

Sworn and subscribed before me
this 19 day of MAY.

Frank Bell Jr.
(Signature)

Position Mrs. Ann Schelding

(Witness)

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National Security Council

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SECRET OATH

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I, DAVID P. MULLIGAN, have gained specific knowledge concerning a sensitive classified operation or mission pertaining to U.S. Government Special Activities. I realize that this operation or mission is security classified within the Espionage Laws of the United States and the National Security Regulations. I have been advised that the information I have or will gain from an authorized representative of the U. S. Government which pertains to this operation or Mission is also classified under the Espionage Laws of the United States and the National Security Regulations and this information is not to be revealed to any unauthorized persons, firms, agencies or organizations.

I am obligated to protect from compromise whatever information I now have. The primary subjects to be protected are:

- The fact that this program was initiated or completed.
- The detail of any concept which was considered or developed.
- Lists of personnel, facilities, other special assets involved in these projects.

"I do solemnly swear or affirm that I will not divulge to anyone the nature, general or specific, of the mission, assignment, location, duties, or any information developed concerning them except as specifically authorized by the National Command Authority or designated representative of the specific agency involved. I further understand that this oath is intended to apply for an indefinite period of time."

Sworn and subscribed before me
this 10th day of FEB.

Samuel M.
(Signature)

Position SENIOR VICE PRESIDENT
OPERATIONS

(Witness)

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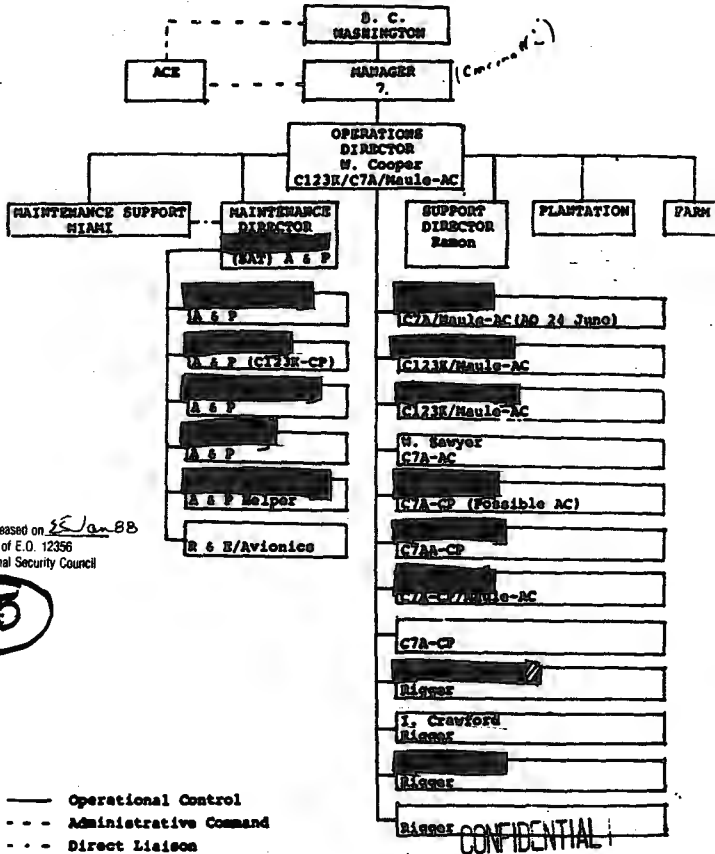
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Charter

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Back cover of file



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FROM THE DESK OF

David P. Mulligan

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National Security Council

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FROM THE DESK OF

David P. Mulligan

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NO. 20148

INVOICE

ARROW AIRWAYS, INC.
 P. O. Box 102730 • General Airport Facility • Miami, Florida 33102 • Telephone 305 - 671 2710 • Tel. Fax 1-800-327-8828

DATE

SOUTHERN AIR TRANSPORT
 MIAMI, FL

PAID	ARROWWAY BILL NO.	ORIGINAL DESCRIPTION	AMOUNT	TOTAL
		Damage charges in connection with charter #15604 1 Day 1st SWF 2 Days 2nd Total Charge		\$30,000.00

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FROM THE DESK OF

David P. Mulligan

0430
 0930 GMT
 900
 1730
 1200
 2930
 2400
 530

25 / 0400Z
 23 / 1100 ARL
 23 / 2300

(5524)

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FROM THE DESK OF

94-8027 David P. Mulligan
94-8027 **H** **B**landing rights
including destination
[REDACTED]depart 1500 **B3**Customer handles
load/off-load**By**
Amal takes care of
grd. equipmentN#
Crew names
all times [REDACTED]

5526

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SRT 001153

OK BIMI
WANT REWARDS
SOUTHWAIN MIA
DIAS AMTUNES
15465 DEFEX P
0944 01/21
PLS REPLY VIA TMT
OK.
I WILL HAVE TO CONTACT THE AIRLINE
AND SEND YOU THIS INFORMATION
WILL CALL BACK
BIMI FOR NOW
THIS IS POINTON
PLS HOLD A MOMENT
4330
STATNAR TNDI
I

WE ARE DEALING WITH MR. WIEGENSEN'S THOUGHTS OF ARMED
PLS INFORM US FLIGHT NUMBER AND ARRIVAL
AND WHAT
MATERIAL ARE YOU AUTHORIZED TO LOAD
RECEIVED 155 POINTON

VERY URGENT
AT: MR. POINTON/MR. WALLIGAN
-53: MR. POINTON/MR. WALLIGAN
FROM: DEFEX-PORTUGAL, LDA.
TO: SOUTHERN AIR TRANSPORT INC.
DT: 21.1.83
TLX NR. 72/83
15465 DEFEX P
SOUTHWAIN MIA
SOUTHWAIN MIA

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FOR _____		A. M.	
DATE _____		P. M.	
WHILE YOU WERE AWAY			
MR. <u>ALBERT HAKIM</u>			
OP. <u>ON- 609124</u>			
PHONE NO. <u>679124</u>			
EXT. <u>67010 2007 825</u>			
TELEPHONED	PLEASE CALL	WILL CALL	WILL NOT
TO SEE YOU	TO SEE YOU	TO SEE YOU	TO SEE YOU
WANTS TO SEE YOU	WANTS TO SEE YOU	WANTS TO SEE YOU	WANTS TO SEE YOU
MESSAGE <u>ABLE TO</u>			
<u>Reserve PROB</u>			
<u>Reserve Auth</u>			
<u>Card And Tele OPS NOT ON DUTY</u>			
<u>Through second MG 4026</u>			
SIGNED <u>Time 0900</u> <u>67010 2007 825</u>			

Continued from 153

(5526)

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OK MIAD6J
KIRCAJW 182134

ATTN DAVE MULLIGAN

ARROW AIR INC MIAMI FLORIDA U.S.A PLANS TO OPERATE A ONE WAY CARGO
FLIGHT FROM [REDACTED] ON JANUARY
23 1965
CARGO: APPROXIMATELY 60,000 LBS CLASS "C" EXPLOSIVES
CONSIGNOR: WORLD WIDE ARMS INC. CANADA
CONSIGNEE: [REDACTED]

ACFT: DCB-63
REG NBR: N6161A
OPERATOR: ARROW AIR INC.
7955 NW 12TH STREET
MIAMI, FL USA 33166
FOLLOWING PROPOSED SKEWED TIMES GMT
ARR [REDACTED] 222100Z CREW REST/ONLOAD CARGO
DEF [REDACTED] 231500Z
ARR LPAZ 231000Z FUEL STOP ONLY
DEP LPAZ 231900Z
ARR MKPA 240130Z FUEL STOP ONLY
DEP MKPA 240230Z
ARR [REDACTED] 240530Z
DEP [REDACTED] 240830Z
ARR KJSJ 241030Z FRY

STN/HANDLER/JW REP/RADIO/FUEL/FUEL DISPO

[REDACTED] --/ESSO/--
LPAZ/SAYA/--/--/ESSO
MKPA/LIAT/MR BROWN/--/TEXACO/--
REMARKS: AA/ALL TIMES GMT

BB/STATION MANAGERS AND REP PLS ENSURE THAT TWO COPIES
OF THIS SET-UP GO INTO TRIP FOLDER ALONG WITH FLIGHT
PLANS AND WEATHER

CC/ALL ONLOAD [REDACTED] DONE BY CHARTERER, [REDACTED]
RESPONSIBLE FOR PAPERWORK/STAIRS/APU-NORRAL GROUND
HANDLING BUT NOT FOR ONLOAD

DD/LPAZ AND MKPA FUEL STOPS ONLY

EE/DUE NATURE OF CARGO - ALL STATIONS INVOLVED PLS NOTIFY
PROPER AUTHORITIES TO INSURE ORDERLY TRANSIT

RADS, JACK CREED

18JAN2226 0042 JWN

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3/2

GOOD
TIMES

18

CU MIADDSJ
 MIADDSJ 231834
 FOLLOWING IS NEW REVISED SYDE OF [REDACTED] CHARTER....
 CHARTER [REDACTED] 241122Z LAG 241300Z FUEL STOP ONLY
 LAG 241400Z MISC 242100Z FUE. STOP ONLY
 MISC 242300Z [REDACTED] 250230Z OFFLOAD CARGO
 FEPPY [REDACTED] 250532Z [REDACTED] 250730Z.

A/C REG NS410W
 CREW OF FIVE U.S. NATIONALS.

PERRY/IN FLT CTL.
 231041838 0052 JWN

45 minutes
 1 hr.
 6-6:30

2300/2

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Amfac Hotel4900 MM
5.9 .81
18m .50 cal

43.18 Kilos 10600 762 x 29

MR JOSE GARNE - [E03]

OFF
Phone

parking garage

MR ATUNES - [REDACTED]
Brito

[REDACTED] Hunt

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8 MAR 85
EX#DPM-8

REQUEST FOR CHECK

DATE:

March 8, 1985

This check to be issued in the amount of \$ 107,000.00

Payable To:

Heron Air

For

Purch. Transp.

Charge to Account #

Approved By :

Requested By :

Check No. 1560 FNBC

Check Date: 3-8-85

Bank: S.E. First National

First National Bank of Chicago

5527

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SM 001748

SKT 001748

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ARROW AIR

Contract No. 65105/17

AGREEMENT OF AIRCRAFT CHARTER

This agreement is made and entered into at Miami, Florida
 this 22 day of March, 19 85, by and between:
Southern Air Transport, Inc., hereinafter
 called the "Charterer", and ARROW AIRWAYS INC., a Delaware corporation, hereinafter called the "Carrier".
 Both parties hereby agree to all of the terms, provisions and statements hereon, and on the reverse side hereof.

Southern Air Transport Same
Miami International Airport
Miami, FL
 CITY AND COUNTRY CITY AND COUNTRY

CHARGE: ☐ CONSIGNOR ☐ CONSIGNEE ☒ Southern Air Transport
DCS-61P Fuel and technical stops as necessary
 AIRCRAFT TYPE STOPPING PLACES

March 17, 1985 No Declared Value
 DATE TO BE SHIP DECLARED VALUE PRODUCE IN RELIABLE SOURCE REQUIRED

CHARTERER AGREES TO THE TERMS AND CONDITIONS STATED ON THE REVERSE SIDE HEREOF AND ALSO THE ADDITIONAL TERMS AND CONDITIONS STATED IN ATTACHMENT "A" HERETO.			
--	--	--	--

Having first read all of the terms, provisions and statements hereon and on the reverse side hereof, the parties have executed this agreement on the day and year first written above:

ARROW AIRWAYS, INC.

David N. Sowers, Vice President
 SOUTHERN AIR TRANSPORT, INC.

3.18.85
3.18.85
3.18.85

Charter Price	107,000.00
Pilot Up and Delivery	By Charterer
LOADING	By Carrier
Unloading	By Charterer
Insurance Charge	None Provided
Excess Valuation	None Declared
Charges Advanced	
TOTAL	107,000.00
Less Pre-payment	107,000.00
BALANCE DUE	0.00

CONFIDENTIAL SAT 001749

SAT 001749

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ARROW AIR

AGREEMENT OF AIRCRAFT CHARTER

ATTACHMENT "A"

ADDITIONAL CONTRACT TERMS AND CONDITIONS

Notwithstanding any terms and conditions stated elsewhere in this contract, the following additional terms and conditions will apply:

18. Charterer agrees that this flight is to be operated on the following schedule (all times GMT)

Aircraft will be positioned for loading at LIS approximately 0600Z/March 17.

Dep	██████	2159Z	March 17
Arr	SMA	0300Z	March 18
Dep	SMA	0400Z	
Arr	ANU	0930Z	
Dep	ANU	1030Z	
Arr	██████	1330Z	

Aircraft to be offloaded at destination and ready to depart by 1630Z/March 18.

19. Charterer agrees that should the cargo not be available at origin in sufficient time to load and depart within three (3) hours of schedule, Carrier has the right to return the aircraft to its base of operations.

Should this happen, Charterer agrees that Carrier shall be entitled to charges for positioning and dispositioning ██████ at the rate of \$4,700.00 per block hour.

20. Subject to Carrier's concurrence, should the Charterer cause any delays at origin or destination beyond three hours, Carrier shall be entitled to a demurrage charge of \$1,000.00 per hour. Nothing herein shall require Carrier to delay the flight by more than three hours.

(continued)

CONFIDENTIAL

SAT 001750

7955 N. W. 12th Street • Miami, Florida 33126-1899
Telephone 305 • 984-8080 • Telex 52500 • SRA: MIAOQJW • Cable: "Arrow Air"

SAT 001750

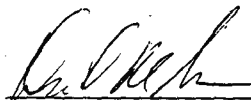
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AGREEMENT OF AIRCRAFT CHARTER
ATTACHMENT "A"
ADDITIONAL CONTRACT TERMS AND CONDITIONS

Page 2

21. Charterer shall be responsible for providing to Carrier a complete and actual manifest of cargo to be carried on this flight, as well as any other documentation required by countries of origin and destination. Should the documentation not be acceptable to the pilot in command, the pilot may decline to operate the flight and Carrier will be entitled to collect the charges set forth in point 20 above.



ARROW AIR, INC.
David M. Sowers, Vice President

 3.13.85

SOUTHERN AIR TRANSPORT, INC.

SAT 001751

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SAT 001751

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SOUTHERN AIR TRANSPORT, INC.

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Date Of Check: Jan 13, 1985
 Pay to the Order of Arrow Air
 Amount of Purchase: \$104,000 FOR: Arakut Trip
 Purchase Order # _____
 Airwaybill # _____
 Department _____
 Charge to Account # _____
 Approved by: T. Chennay
 Requested by: _____

(For Accounting Use Only)

Check No. 1513 Check Date: 1-18-85
 Banks: S.E. Nat'l First Nat'l Chicago ✓

CHECK REQUEST

Date Of Check: 1-28-85
 Pay to the Order of Arrow Air
 Amount of Purchase: \$104,000 FOR: BT Trip 1-18
 Purchase Order # _____
 Airwaybill # _____
 Department _____
 Charge to Account # 73400001
 Approved by: _____
 Requested by: TC

CONFIDENTIAL

SAT 001752

(For Accounting Use Only)

Check No. 1521 Check Date: 1-28-85 SAT
 Banks: S.E. Nat'l First Nat'l Chicago ✓ OC12

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1/1
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4 Dec 85

EX # DPM-9



2-3-87

[Signature]

X/ 523 SJ

W.L. for 707 o/s

12/4/85

		Local Time	
OAK	1600 Z	Saturday	0800 SAT
	0230/0630 Z	Sunday	0330/0730 Sun
SMA	0900/1030		1200/1330
BDA	1530/1700		1930/2100
	2200/0200		2300/0100
OAK	0730	Monday	2330 Sunday

John Morris
Ernie Grawling
Pete Haysenrich
~~*[Signature]*~~
Red George LH

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 SAT 11/13

Ex # DPM-10 ^{17 Sep}

2-3-87

III. CONCLUSIONS

50811

AGRICULTURE, CUSTOMS, EMIGRATION, AND PUBLIC HEALTH

SOUTHERN AIR TRANSPORT, INC.

Owner or Operator

Marka of
Marka of

N 250 67

Page SJ-2031

9/17/85

MIAMI, FL/TESU-30474

TEGUCIGALPA, HONDURAS ~~INTERVIEW~~

Departure from

—Antrodia

1. _____

CTrip® Guides always list cities, every co-state stop and destination!

<u>PLACE</u>	<u>TOTAL NUMBER OF CREW</u>	<u>NUMBER OF PASSENGERS ON THIS STAGE</u>	<u>CARGO</u>
MIAMI, FL.	N. WEBBER (USC) CAPT.		
TEGUCIGALPA	J. SIM (USC) F/O		
	R. SIMONS (USC) P/E		
	SONPORN (USC) L/M	<u>Departure Place:</u>	
	E. BOWARDI (USC) Extra Crew	<u>Embarking _____</u> 0	
		<u>Through on same flight _____</u> 0	
		<u>Arrival Place:</u>	
		<u>Disembarking _____</u> 0	
		<u>Through on same flight _____</u> 0	

The official was angry

Persons are heard known to be suffering from illness after their arrival at the effects of accidents, as well as those cases of illness encountered during the flight.

Any other condition on board which may lead to the spread of disease

HOME

Details of each dissection or sanitary treatment (plane, date, time, method) during the flight. If no dissection has been carried out during the flight give details of most recent dissection.

AIRCRAFT SPRAYED 20 MIN. BEFORE ARRIVAL

Copyright © 1997

101

I declare that all statements and particulars contained in this General Declaration, and in any supplementary form required to be presented with this General Declaration are complete, exact and true to the best of my knowledge and to all through passages will continue/have continued as the Right.

CLEARED
MIAMI, FLORIDA

SEP 17 1985

DATE _____

CUSTOMER INSPECTOR -

CONFIDENTIAL

587 011168

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257 11088

UNCLASSIFIED

DATE & TIME: *Elmer*

UNCLASSIFIED

17 Sep 85
Ex # DMM-11

2-387

CIN
RECEIVED
STEN P.A.L. COMMITTEE
AS AMMER 8-400. 4

SOUTHERN AIR TRANSPORT

CARGO MANIFEST
GUANA AEREAVESSEL OR OPERATOR
Name & Address

SOUTHERN AIR TRANSPORT

AIRCRAFT N 250 SF

FLIGHT NO. SJ-2031

DATE 9/17/85

ORIGIN (ORIGINATOR NAME AND ADDRESS)
(Name, name & address)

Port No.

MIAMI, FL. U.S.A.

TEGUCIGALPA, HONDURAS

POINT OF LADING
Name & AddressVESSEL AND CARRIER
(Name & Address)POINT OF UNLOADING
Name & AddressVESSEL AND CARRIER
(Name & Address)

ITEM AND QUANTITY OF GOODS (Name & Address)	QUANTITY AND TYPE OF PACKAGING (Name & Address)	NATURE OF GOODS (Name & Address)	WEIGHT (Name & Address)	FOR USE BY CARRIER OR OPERATOR ONLY (Name & Address)	FOR OFFICIAL USE ONLY (Name & Address)
30-3632	16	PAPER AND 2 PCS OF OFFICE MACHINES	422500	TRIBUNAL NACIONAL ELECCIONES DE HONDURAS	S.E.D.

5530

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16 Sep 85
EX 8AM-12

2-3-87

[Signature]

Minimum 4. International prices in U.S. dollars. **WE WANT THE LOWEST PRICE IN TOWN** Call us for a "Week Ahead" forecast for air cargo & address.

Shipper Name and Address Deloitte Perkins & Sells 1101 Fifteenth Street N.W. Washington, D.C. 20005		Shipper Contact Number Air Waybill 00000003632	
Commodity Name and Address Tribunal Nacional Elecciones de Honduras Tegucigalpa, Honduras C.A. Sr. Adon Palacios or Sr. Alberto Biscan Tel. 22-43-41/23-41-34		Commodity Contact Number 00000003632	
Origin of Goods Miami International Airport		Destination Tegucigalpa, Honduras	
Weight and Volume 16300.00 KG 353.00 CBM		Value \$57,000.00	
Incoterms FOB		Insurance \$57,000.00	
Remarks DGD, attached to MS for consignee		Remarks PAPER AND 2 PCS. OF OFFICE MACHINES Papal y 2 Placas con maquinas de oficina EXPORTED UNDER USAID CONTRACT # 523-0003-C-00-5963-00	

5531

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SAT 00068

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FD-503
(Rev. 1-25-60)

U.S. DEPARTMENT OF COMMERCE, BUREAU OF THE COMMERCE, BUREAU OF EAST-WEST TRADE
SHIPPER'S EXPORT DECLARATION
 OF SHIPMENTS FROM THE UNITED STATES
 Export Shipments Are Subject To Inspection By U.S. Customs Service under The Office of Export Control
 READ CAREFULLY THE INSTRUCTIONS ON BACK TO AVOID DELAY AT SHIPPING POINT

Form Approved GSA GEN. REG. NO. 41-20300

CONFIDENTIAL For use only by officers authorized by the Department for export control purposes. See (11b) to (11f) and (11h) to (11j) of this form. Do not release. - U.S. GOVERNMENT PRINTING OFFICE (10-70800)

Information Office required

Destination Should Be Typewritten or Prepared in Ink

US Post Use This Area	District	Port	Country	For routing use only
	52	06		

1. FROM AND Port of Export
Miami Fla.

2. METHOD OF TRANSPORTATION (check one)
☐ Vessel ☐ Air ☐ Other (specify)
☐ Parcel Post ☐ Other (specify)

PLS IND. (For Customs use only)

To EXPORTING CARRIER or agent, give name of ship, flag and ship number; if air, give name of airline.

3. EXPORTER (Principal or seller - necessary)
 Deloitte Haskins & Sells 1101 Fifteenth Street N.W. Washington D.C. 20005

4. AGENT OF EXPORTS (Forwarding agent)
 Roy's Services Forwarders Corp. 6501 N.W. 36th St. Suite 430 Miami Florida 33166

5. ULTIMATE CONSIGNEE
 Tribunal Nacional Elecciones de Honduras/Tegucigalpa Honduras C.A.

6. INTERMEDIATE CONSIGNEE
 Sr. Aden Palacio or Sr. Alberto Discua Tel: 22-43-41/22-41-34

7. PORT OF ORIGIN (For parcel and air shipments only)		8. PLACE AND COUNTRY OF ULTIMATE DESTINATION (For place of transshipment)				
Tegucigalpa		Honduras				
(9)	(10)	(11)	(12)	(13)	(14)	(15)
MARKS AND NOS.	NUMBER AND KIND OF PACKAGES, DESCRIPTION OF COMMODITIES, EXPORT LICENSE NUMBER OR ORIGINAL LICENSE, ITINERARY, and other information as required by the Department of Commerce (Do not use generic terms.)	EXPORT QUANTITY (Indicate in figures - pounds or metric tons or other units and per cent)	SHIPMENT CLASSIFICATION (See Instructions)	EXPORTER'S OR CONSIGNEE'S OR AGENT'S COMMUNITY (Country, State, County, District, etc.)	UNIT QUANTITY IN SCHEDULE 5 (Units only)	VALUE (U.S. Dollars and cents)
As Addr.	Offset Paper	42,000	D	256.3055	41128	\$ 45.0
	Signing Machines 2-	250	D	676.1200	2 No.	12.0
EXPORTED UNDER USAID CONTRACT #522-0003-C-00-3563-00						

These commodities licensed by U.S. for ultimate destination Honduras. Diversion contrary to U.S. law.

16. BILL OF LADING OR AIR WAYBILL NUMBER
 Deloitte SAT 0000-3632

17. DATE OF EXPORTATION (Not required for shipments)
 9/17/85

18. THE UNDERSIGNED HEREBY AUTHORIZES TO ACT AS FORWARDING AGENT FOR EXPORT CONTROL AND CUSTOMS PURPOSES.
 EXPORTER Deloitte Haskins & Sells SOLELY AUTHORIZED BY OFFICER OR EMPLOYER

19. I CERTIFY THAT ALL STATEMENTS MADE AND ALL INFORMATION CONTAINED IN THIS EXPORT DECLARATION ARE TRUE AND CORRECT. I AM AWARE OF THE PENALTIES PROVIDED FOR FALSE REPRESENTATION. (See Paragraphs 1 and 10 of the reverse side.)

Signature _____ For Roy's Services Forwarders Corp.
 6501 N.W. 36th St. Suite 430 Miami Fla. 33166

Shipments should be made by duly authorized officer or employee of forwarding agent named by exporter.
 a. If shipping weight is not available for each Schedule B item listed in column (12) indicated in one or more paragraphs, then the approximate gross weight for each Schedule B item. The total of these estimated weights should equal the total weight of the entire shipment or shipments.
 b. Shipments shipped, repackaged, reprocessed with an "F" and reports of domestic commodities produced in the United States or changed in condition in the United States with a "D". Also shipments on return cargo.

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 SAT 000691

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HOW LONG ABOUT RE RETENTION

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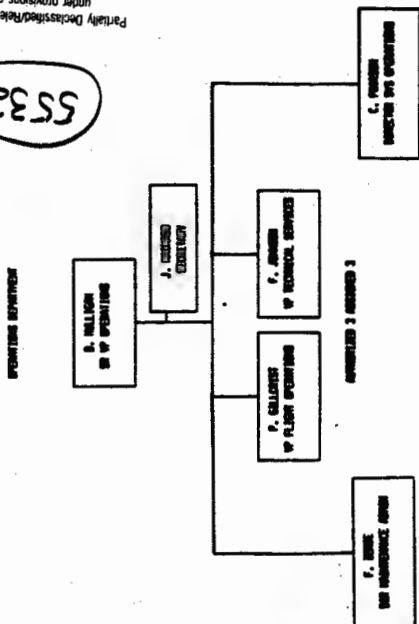
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~~SAT~~ 050692

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Ex # DM-13
 2-3-87

TRANSCRIPT OF PROCEEDINGS

C O N F I D E N T I A L

UNITED STATES SENATE

NSC ~~36~~ 187

copy 1

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

~~UNCLASSIFIED~~

DEPOSITION OF ALEX G. NAGY

UNCLASSIFIED^{N A L}

4066

Washington, D. C.

Wednesday, March 18, 1987

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by N. Menan, National Security Council

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF ALEX G. NAGY

Washington, D. C.

Wednesday, March 18, 1987

Deposition of ALEX G. NAGY, called for examination by
Senate Select Committee on Secret Military Assistance to Iran
and the Nicaraguan Opposition, at the Old Executive Office
Building, Seventeenth Street and Pennsylvania Avenue, N.W.,
Room 115, at 12:15 p.m. before WENDY S. COX, a Notary Public
within and for the District of Columbia, when were present:

CAMERON H. HOLMES, ESQ.
Associate Counsel
Senate Select Committee
Hart Senate Office Building
Room SH-901
Washington, D. C. 20510
On behalf of the Committee.

ALAN CHARLE RAUL, ESQ.
Associate Counsel to the President
The White House
On behalf of the Deponent.

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-- continued --

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2

APPEARANCES (Continued):

2

ARNOLD INTRATER, ESQ.

3

General Counsel

Office of Administration

Room 480

4

Old Executive Office

Building

5

17th Street & Pennsylvania

Avenue, N.W.

6

Washington, D. C.

7

ALSO PRESENT:

8

DENNIS TETI

CLARK B. HALL

9

Investigators

House Select Committee

10

11

12

13

14

15

16

17

18

19

20

21

22

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UNCLASSIFIEDC O N T E N T SWITNESSEXAMINATION

Alex G. Nagy
by Mr. Holmes

4

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4

P R O C E E D I N G S

1
2 Whereupon,

3 ALEX NAGY

4 was called as a witness and, having first been duly sworn,
5 was examined and testified as follows:

6 MR. RAUL: If I could just make an opening -- some
7 opening points.

8 MR. HOLMES: Sure.

9 MR. RAUL: I want to note that Mr. Nagy is
10 appearing here voluntarily pursuant to the letter request
11 submitted by the Senate Select Committee signed by Chairman
12 Inouye and Vice-Chairman Rudman.

13 Mr. Nagy, beside myself is Arnold Intrater,
14 counsel for the Office of Administration. This deposition
15 will be unclassified, so that should any classified matters
16 arise, in your opinion, if you could just indicate that that
17 might come up, we will go off the record and figure out how
18 to provide that information in another matter. Although I
19 don't anticipate that there would be any subjects falling
20 into that category, but just so that it is clear that
21 classified information won't be discussed during the
22 deposition. Thank you very much for giving us this

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5

1 opportunity.

2

EXAMINATION

3

BY MR. HOLMES:

4

Q Mr. Nagy, would you please state your name.

5

A Alex G. Nagy.

6

Q What is your employment title?

7

A I am the director of the White House and Execut

8

Office of the President telephone services.

9

Q How long have you had that position?

10

A Since November 1978.

11

Q Have you ever had your deposition taken before?

12

A No, I have not.

13

Q I want you to just relax and listen to the

14

questions. If you don't understand a question, stop me, a

15

I will rephrase the question or ask another question.

16

A All right.

17

Q If you don't stop me, I will assume that you

18

understood it; is that fair?

19

A Yes, sir.

20

Q You have to answer audibly so that she can take

21

down your response. She is instructed not to try and read

22

your nods or your facial expressions, just the words, do y

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1 understand?

2 A Okay.

3 Q If we get into highly technical areas, I would
4 like you to try and speak down to as general an audience as
5 you possibly can, so we can understand the phraseology, take
6 the time necessary to translate, if you would, please. Is
7 that okay?

8 A Yes.

9 Q I wonder if you could describe in general the
10 White House system over which you have control?

11 A Basically it is the White House administrative
12 telephone system, which encompasses the White House and
13 Executive Office of the President agencies within the 18
14 acres of the compound. The system is a telephone system
15 which we call on-premises, on-site location. It's in the
16 basement of the Old Executive Office Building. It provides
17 telephone service, telephone lines, throughout the complex,
18 approximately, I would say, 4000 telephone lines are utilized
19 on the system.

20 Q 4000 different telephones?

21 A Telephone lines, the circuit numbers, lines, like
22 four, five, six for one floor, whatever. The instruments,

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1 now, the telephone instruments, you probably could roughly
2 double, say, 8000 telephone instruments throughout the
3 complex.

4 Q Who provides the instrumentation?

5 A The instrumentation is provided by the AT&T.

6 Q Who provides the line service?

7 A C&P Telephone Company.

8 Q Under what kind of arrangement is the line service
9 provided by C&P?

10 A It's on a lease-type, it's a lease with C&P and
11 AT&T. Both are under lease. It's been in existence since
12 day 1 at the White House, way back before my time.

13 Q The lease-type system was in effect prior to
14 November of '78?

15 A Yes.

16 Q Is that pursuant to a contract that is renewed
17 yearly?

18 A No, it is not renewed yearly.

19 Q What is the term of the contract?

20 A As far as I know, a lifetime contract, unless it's
21 changed by us. It has to do with security aspects to the
22 Secret Service. The on-premises telephone switch was put in

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1 place at the White House after the President Kennedy
2 assassination. It was mandated by the Warren Commission that
3 we have an on-premise telephone switch here for security
4 purposes.

5 Q Do the security purposes affect the way the phone
6 system monitors itself for billing purposes?

7 A No, it does not.

8 Q Does the White House switch operate as a regular
9 commercial switch would for those purposes?

10 A Yes, in essence, it would.

11 Q So that if a long distance call is made from here,
12 a billing entry is created in relation to that particular
13 call?

14 A That's correct. The billing comes from AT&T for
15 long distance.

16 MR. RAUL: Is that in every case, Mr. Nagy?

17 THE WITNESS: It is only in cases where you dial
18 9, then the area code. And then a bill will be generated
19 monthly designating where that call -- what number originated
20 that call, the numbers, the duration of time and the cost,
21 just like if you were home placing a long distance telephone
22 call.

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1 BY MR. HOLMES:

2 Q How many other ways are there of making a long
3 distance call?

4 A Within the continental United States, the FTS
5 system, the Federal Telecommunications System.

6 Q Is that only other way other than dialing a 9 and
7 the area code?

8 A Well, there are ways -- let me define a little
9 further about the long distance. If someone originates a
10 call in their office by dialing 9 and 0, it automatically is
11 processed through the long distance outside our capabilities,
12 where the bill is originated, coming back, showing you that
13 number. If they dial zero and get the White House
14 switchboard operating, then the telephone switchboard
15 operator would place the call for the individual. The
16 billing number would come back reflecting the main number at
17 the White House, 456-1414.

18 Q Under what circumstances do people use the main
19 switchboard operator to generate their long distance phone
20 calls?

21 A Usually -- well, the majority of calls for your
22 senior officials in the administration are placed by the

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1 operator, where they would get the operator directly by
2 either dialing zero or have a direct line to the switchboard
3 off of the switchboard, where they would ask the operator to
4 process the call for them.

5 Q So, for the senior officials, there is no record
6 of where the call originated as far as AT&T is concerned?

7 A Not unless it's dialed directly from their
8 telephone.

9 Q Yes, because if they were through the operator,
10 they simply reflect the 456-1414 origination?

11 A That is correct.

12 Q Within the system here on the 18 acres, what
13 record is generated of the origination of calls that, in
14 fact, go through the operator?

15 A There is no record.

16 Q Now, is the White House staff monitored as to
17 possible abuses of the telephone system, excessive long
18 distance time?

19 A The only way that they are monitored, the monthly
20 bill, which I get the monthly bill. In turn, I more or less
21 do an analysis on the bill, to see what time the call is
22 placed, location, so on. Then we query that office. And if

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1 there is some questionable doubt about the call.

2 Q My question is how do you know which office to
3 query?

4 A There is no way to know from the switchboard, if
5 it just designates the number of the office, that's the way.
6 There's no way on the switchboard you would know where it
7 originated from, because it goes to the 1414 bill.

8 Q So the senior officials, in effect, have carte
9 blanche on their long distance calls?

10 A Yes.

11 MR. RAUL: Mr. Nagy, are there any temporary
12 records that are kept that you use for just -- just to make
13 sure that the telephone company hasn't made any mistakes?

14 THE WITNESS: Well, the operator fills out a
15 little ticket for the long distance calls, and this is
16 basically an in-house operation. You utilize mostly for --
17 say the call did not go through, for some reason or another
18 it was busy or whatever. They would then ask if the person
19 placing the call, if they would like for them to keep on
20 trying that call till they got through. That is a daily-type
21 record that is kept by the operations of the operator. I do
22 keep the tickets for the long distance calls that are placed,

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1 when I match it up to the long distance bill to assure that
2 that call actually did go through, for paying purposes.

3 BY MR. HOLMES:

4 Q How long do you keep track of those?

5 A Usually it's a month, because it's pretty accurate
6 to get a bill within a month's period.

7 Q Are there exceptions to the one month?

8 A There may be, on occasion. I think it has gone
9 two months at the most.

10 Q Have you impounded any particular months for your
11 own internal information or any external requests over the
12 last year?

13 A No, I have not.

14 Q So all you have on hand now is perhaps the last
15 month or so?

16 A Right, February, I would say, yes.

17 Q What do those tickets look like?

18 A They are manufactured by GSA. There are a
19 standard toll ticket type. It has information -- the number
20 the call is coming from, the party placing the call, the
21 number they are calling and the location, state or whatever,
22 the country. The time that the call was placed. They put

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1 the time down, when it was connected.

2 Q What do you do with those tickets on a monthly
3 basis of where are they stored?

4 A I have them down in my office.

5 Q You keep them in your office?

6 A Yes.

7 Q You collect them from the various operators?

8 A Yes. They are kept in the operational area till
9 the end of the month. The first of the month, I take them.
10 Because we get the bill in around the 10th of the month, the
11 long distance bill, we usually get it. That is for the
12 preceding month.

13 Q Let's discuss the FTS calls. How are they
14 arranged?

15 A Okay. The FTS calls, there are no records of FTS
16 calls at the White House, since the sensitivity of the switch
17 and Secret Service interest in it. In order to have a
18 record, GSA wanted to put some metering devices in their
19 switch so they could get the information that they needed.
20 This is back in, I believe it was in July of '84 they came up
21 with that request. Secret Service would not honor that. So
22 the way that we are billed for FTS calls is basically by the

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1 use of the trunks. We have 55 FTS trunks in our telephone
2 switch. A random survey is pulled on the usage of that
3 trunk, broken down into minutes per month that it is used.
4 That information is provided to GSA by C&P Telephone
5 Company.

6 Q Explain the billing mechanism then. C&P does sort
7 of a spot check random usage?

8 A Yes. Whenever GSA goes to C&P and requests the
9 usage of the trunks, C&P provides the information during that
10 time period that they are requesting on. It's usually in
11 minutes in the day or month that it's utilized.

12 Then we are billed basically like on a flat rate
13 basis. It's a physical year billed as generator for the
14 usage of the 55 trunks at the White House.

15 Q GSA allocates a budgetary transfer from White
16 House budget to general fund on the basis of that data?

17 A Yes. Well, when we get -- when I get the bill,
18 the bill comes to me, I further break it down on a pro rata
19 basis. What I mean by pro rata, based upon the amount of
20 lines that each agency has with the FTS capability on it.

21 Q How many agencies are you talking about?

22 A We are talking about 17.

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1 Q Is there a list somewhere of all of these?

2 A I could provide a list. COP, OMB.

3 MR. RAUL: I am sure there is. In fact, it must
4 be in the Code of Federal Regulations. Just the agencies
5 within the Executive Office of the President?

6 THE WITNESS: Yes. Within our complex. There are
7 some outside of our complex.

8 BY MR. HOLMES:

9 Q These are all agencies within the Executive Office
10 of the President?

11 A Yes within our compound, the 18 acres here.

12 Q Then you, in turn, make the billing to each of
13 those 17 agencies as based on a pro rata share?

14 A Then on the pro rata, I provide the percentile
15 back to GSA, who in turn bills the agency on a quarterly
16 basis.

17 Q GSA bills each agency direct?

18 A Correct.

19 Q I assume that from time to time people call the
20 White House with harassing or threatening intentions?

21 A Yes, just about everyday.

22 Q I assume that you have made provisions for that i

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1 your telephone system?

2 A We have procedures for that, yes.



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[REDACTED]

Q You wouldn't have any knowledge of any particular
[REDACTED] projects that may or may not have taken place
in the NSC Staff files?

A No.

Q Do you have pay phones on the premise?

A Yes, we do.

Q How are those managed?

A Basically just like all the other pay phones.
They are usually on each floor, I think, at the end of the
hall. You pay your 25 cents or 20 cents, whatever it is, and
make your phone calls on them. Just like any other pay
phone.

Q Are those routed through your White House switch?

A No, they are commercial lines. They don't go
through our switch.

Q They are completely separate and apart from your
system?

A Correct.

Q They would be accounted for in the same manner as
any other pay phone in the District?

A That's correct.

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1 Q Through whatever the switch and computer line or
2 system that C&P has?

3 A That's correct.

4 Q Are there any records of -- are there any
5 electronic recordkeeping systems in place on any White House
6 telephones?

7 A No, there are not.

8 Q Are you talking about within your system at all?

9 A I am talking within the system that we have here
10 on our premises, the telephone lines for the ROB and White
11 House go through.

12 MR. RAUL: I assume you understand that all of
13 Mr. Nagy's answers are to his knowledge. I am not implying
14 anything else, but only that it is clear that Mr. Nagy is
15 responding as to what he knows about that comes under his
16 jurisdiction. I am not suggesting that there are other
17 matters, only that this should be clear.

18 BY MR. HOLMES:

19 Q Let's narrow it down to what you know about it,
20 okay?

21 A Basically, it gets to be in a technical area which
22 I am not that expertise in, when we are talking about the

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1 telephone switch itself. May of last year, the end of May,
2 the last day in May, the present telephone switching center
3 was implemented in the bottom of this basement. They
4 replaced an old manual -- Number 5 cross bar switch, best way
5 to describe it, the terminology, it's a manual type. The
6 present system is called DMS-100, digital telephone switch.
7 That was activated end of May of last year.

8 The primary reason for the activation of it was,
9 of course, the old obsolete one was really detrimental in
10 maintaining it. They ran out of parts, qualified people and
11 so on. So the new switch utilizes a state of the art
12 technology, less people to man it, and the whole salesmanship
13 that they give you with it.

14 Now, the new switch has certain capabilities in it
15 that could be offered to a subscribed use, detailed call
16 recording, for one, where it gives you information on every
17 call that is placed from the telephone going outside of the
18 complex, nothing internal.

19 In order to implement that in this switch, which,
20 really, in our needs at the White House, there is no useful
21 purpose for it, you would have to purchase additional
22 equipment; you would have to go into an additional leasing

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1 requirement, leasing time, what they call time shared off of
2 the switch from C&P, et cetera. We are talking a rough
3 estimate of maybe 100,000 to \$150,000 to do that. Contrary
4 to what they say about electronics, that you utilize less
5 people, that's not true, you would have to have more people
6 to maintain records and everything else.

7 There was no need for the -- there is no need for
8 it here at the White House, to have that type of
9 recordkeeping.

10 Q So you elected not to have it?

11 A Yes, like numerous other subscribers also have
12 it.

13 Q Sure. Are employees of the White House instructed
14 to keep phone logs of their own phones and calls?

15 A There have been cases where it got into the
16 political area during campaign time, where they are
17 performing a dual function, maybe, on a political campaign
18 trail and so on, where they were making calls from their
19 office where they were keeping records and making
20 reimbursements for that, the National Democratic Committee or
21 National Republican Committee would keep records and
22 reimburse it. That was the only occasion I could see where

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1 recordkeeping was done. That I know of.

2 Q This was a cyclical type of recordkeeping in order
3 to separate the political usage from the nonpolitical usage?

4 A That's correct.

5 Q That hasn't been cycled through recently?

6 A No.

7 Q You are not aware of any other office policies or
8 systems in which the employees keep their own phone lines?

9 A No, I am not.

10 Q To your knowledge, there is no electronic
11 attribution of calls to a particular phone other than for the
12 long distance calls that are not done through the switchboard
13 and are not FTS?

14 A That's correct.

15 Q Are we excluding from discussion the military
16 phone system?

17 A Yes. Like I stated from the beginning, my
18 responsibility is on the administrative side of the house.
19 The military comes under the jurisdiction of the military
20 office of the White House Communication Agency.

21 MR. HOLMES: Alan, is this the system --

22 MR. RAUL: That's correct. We had scheduled

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1 another deposition for today that, by agreement, we have
2 postponed until another day, where a representative from the
3 White House Communications Agency will provide for you the
4 information regarding the other switchboard, that is
5 administered by the White House Communications Agency under
6 military jurisdiction.

7 BY MR. HOLMES:

8 Q You have no knowledge of their switching
9 techniques?

10 A Their switching capabilities go through the same
11 telephone switch. They utilize the same switch as ours in
12 the central office. The only difference is they have their
13 own prefix per se, like 395-2000 telephone numbers.

14 Q That separates them for billing purposes?

15 A Yes, they receive their own bills and however it
16 is divided down.

17 Q How are the two systems kept separate in terms of
18 outgoing calls?

19 A Basically they are not. It's just whatever
20 circuit or trunk is free at the time they place the call on
21 their utility lines. If they are making a long distance
22 call, for example, they are dialing 9, they will get one of

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1 the outside trunks to go outside, or FTS trunks, if you make
2 an FTS call.

3 Q So for purposes of outgoing calls, they sort of
4 piggyback in the same sharing arrangements with the other
5 agencies?

6 A Yes, utilizes the same circuitry, whatever.

7 Q If they are utilizing the exact same circuitry,
8 then the computer records they keep of their outgoing calls
9 must be kept of yours as well? Is that not true?

10 MR. RAUL: Mr. Holmes, what computer records are
11 you talking about?

12 MR. HOLMES: The VAX system.

13 MR. RAUL: You raised a subject that Mr. Nagy
14 didn't testify to, but drawing upon an earlier deposition
15 today.

16 MR. HOLMES: Right.

17 MR. RAUL: If I could just clarify that, that does
18 not relate to -- I am not testifying here and I am just
19 trying to clarify this point. I believe that that reference
20 to the VAX system was to cable traffic and does not relate to
21 phone traffic.

22 Now I am not a technical expert or even

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1 particularly conversant in this area, but my understanding
2 that cable traffic is distinct from telephone traffic. And
3 the cable traffic is sort of -- is a different kind of
4 electronic communication than a voice, telephone voice
5 communication.

6 THE WITNESS: We are talking about data traffic
7 computer data-type traffic?

8 MR. RAUL: The point that Mr. Holmes is raising
9 concerns information that whether you call it electronic
10 traffic, I call it cable traffic, it relates to cables,
11 telexes.

12 THE WITNESS: That's an entirely different
13 circuitry that handles that.

14 BY MR. HOLMES:

15 Q I wonder if you could explain, first of all, the
16 parameters of exactly what kind of service it is. You are
17 talking only about oral communications over voice
18 communication lines?

19 A Oral, voice communications, yes.

20 Q So for your purposes, you have nothing to do even
21 with a computer use of a modem over the telephone lines with
22 the telephone lines?

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1 A No, I don't. The only thing I get involved in is
2 getting that ordered up for the agency to request it and so
3 on.

4 Q How is that billed, not through you?

5 A No, it's billed through the agency directly.

6 Q So they would have to have a specific lease line
7 for their computer modem traffic?

8 A Yes.

9 Q They would pay for that originally?

10 A Yes. It would appear on your telephone bill
11 monthly that they get.

12 Q How many modems are there on the system?

13 A I have no idea.

14 Q The only way we could find that out would be to
15 look at one of your monthly master bills and check out the
16 rental for loose lines?

17 A Even in that case you probably wouldn't be able to
18 get the information, because all it says is for service. It
19 doesn't break it down basically on your modems or whatever.

20 Q Where would that information be available?

21 A Through, probably, on for our side, administrative
22 side, would be our automated systems division.

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1 Q Automated systems division of what?

2 A Of the Office of Administration.

3 Q Who is that?

4 A Mr. Jules DuPeza.

5 Q Jules DePeza?

6 A Yes.

7 Q Could you spell it, please?

8 MR. INTRATER: Capital D-u-capital P-e-z-a, first
9 name Jules.

10 BY MR. HOLMES:

11 Q So there is no computer modem use of the lines
12 that you control?

13 A That's correct.

14 Q Could you explain the difference between the voice
15 traffic in its electronic communication with cable and tele
16 traffic.

17 A I will try to put it down in simplest terms, like
18 you say.

19 Q Yes. I would appreciate it. If you can make me
20 understand this, then you are doing a good job.

21 A If I can understand it myself. Probably the best
22 way to define it, for your cabling and your special service

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1 like for data and secure voice and so on, is a refined
2 circuit that -- that is engineered for that purpose of
3 passing that type of traffic, cabling, secured voice and
4 data.

5 Your voice circuitry is just your everyday
6 common-type voice telephone line. So there is an engineering
7 process that is utilized in the special circuitry, as we
8 say. It has to be engineered by the telephone company for
9 the specifications, whatever it is going to be utilized for,
10 basically.

11 Q These all pass through the same 55 trunks that you
12 have talked about?

13 A Yes. They could, or they could have a direct
14 capability. What I mean, if you had a special circuit from
15 here to the Department of Defense, they could run a circuit
16 in for that capability, yes.

17 Q That would be a lease line?

18 A Yes.

19 Q And it would be specifically engineered to go
20 from --

21 A From point A to point B, right.

22 Q I assume that such lease lines do exist for secure

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1 communications between the White House and various of the
2 agencies?

3 A That's correct.

4 Q So, for example, CIA, Department of Defense, tha
5 kind of thing?

6 A Yes.

7 Q Are those circuits susceptible of any additional
8 recordkeeping than the regular voice circuits that you have
9 already described?

10 MR. RAUL: Mr. Holmes, when you say "susceptible
11 of," would you clear that up.

12 BY MR. HOLMES:

13 Q Are they capable, first. Then we will get into
14 whether or not you exercised that option. Let me ask you
15 this, do they go through the same switch?

16 A Yes.

17 Q So they go through your new DMS-100?

18 A Yes.

19 Q Does that mean that since you haven't exercised
20 the option of having the call origination recordkeeping
21 capabilities on the voice lines, that you likewise do not
22 exercise the option to have it on any of these others?

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1 A That's correct.

2 Q So there are no records of any of these other
3 kinds of services on a use-by-use basis either?

4 A That's correct.

5 Q That includes cable?

6 A Yes.

7 Q Secure voice?

8 A Now, this is to my best recollection, because,
9 again, the majority of these circuits in that category come
10 under the control of the White House communication base,
11 secure voice, for example, a lot of your cabling,
12 telecommunications center, all of that, that is all under the
13 White House communication.

14 MR. RAUL: Under the DMS-100 switch under the Old
15 Executive Office Building. How much of it is under your
16 jurisdiction? What component of the data that is transferred
17 through that switch? Is it just voice on the White House
18 switchboard?

19 THE WITNESS: Yes.

20 MR. RAUL: Non-secure voice?

21 THE WITNESS: Non-secure.

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1 BY MR. HOLMES:

2 Q All right. And all the rest of the WHCA traffic?

3 A Yes, your specialized circuits or whatever.

4 Q Would that include any data transmission over
5 phone lines?

6 A There are some data transmission over phone lines
7 where if you have an office that has a Wang, for example,
8 where they could just use the telephone by setting it in the
9 cradle and transmitting, there are some offices within the
10 complex that do have that capability.

11 Q Is that perceived differently for C&P purposes,
12 than use of that same line for a voice conversation?

13 A No, not that I know of, because they are utilizing
14 the voice line for that.

15 Q All you are going to get on the bill is a bill for
16 a phone call that originated from such-and-such a phone on
17 such-and-such a date and time to such-and-such a phone and
18 looks like any other telephone conversation?

19 A That's correct.

20 Q Even though what actually was transpiring on that
21 line is the transmission of computer data?

22 A That's right.

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1 Q Would that also be true of other specialized
2 decryption-type transmission services like the KL-43 device?

3 A Again, that's in the White House communications, I
4 have no knowledge of that.

5 Q Okay.

6 A When we talk secure, secured communications, that
7 is not mine at all.

8 Q Any form of secured communication device that
9 exists in the 18 acres is something you are not prepared to
10 talk about?

11 A Yes, sir, that's correct.

12 Q You don't know about it?

13 A I have an idea how it works, but I don't know the
14 whole -- be an expert on it to talk about it.

15 Q All right. Are you aware of any written logs of
16 phone calls of any kind that are kept in the White House
17 compound?

18 A Yes, I am.

19 Q In addition to the ones we have talked about, kept
20 by the main switchboard.

21 A That's right.

22 Q Are there any others?

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1 A Yes.

2 Q What are those?

3 A There is a presidential call log.

4 Q Who keeps it?

5 A All presidential calls, incoming and outgoing,
6 processed through the White House switchboard.

7 Q To the main switchboard?

8 A To the main switchboard.

9 Q Designated operator or any operator?

10 A Yes, there is an operator.

11 Q A designated operator just for this purpose?

12 A One on each shift, yes, there is.

13 Q Go ahead.

14 A The log, as stipulated, is for ingoing and
15 outgoing calls to the president. The operator that handle
16 them, receives them, logs it on a log, presidential call l
17 then, of course, processes the call. Then at the end of e
18 day, 24-hour period --

19 Q Does the log include the beginning and end of t
20 call?

21 A It has the time the call came in and the time i
22 was disconnected.

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1 Q How was she aware of the disconnection?

2 A It's a manual switch where she puts up a set of
3 cords and a light comes on, basically, generally when the
4 call is finished. She just pulls the cords out.

5 Q This is sort of like the old days with the woman
6 with the headphone?

7 A That's correct. That's basically what it is,
8 basically. A switchboard.

9 Q So whenever the light goes out over the slot that
10 she has working, she just pulls the cord out when the call is
11 done?

12 A That's correct.

13 Q It's not something that --

14 A It's not electronically.

15 Q -- likely to be inadvertent. She is either
16 plugged in or not pulled in?

17 A That's correct.

18 Q What happens to the logs?

19 A At the end of the day, 24-hour period, the logs
20 are typed up, and a copy is put in a sealed envelope and
21 handed over to the personal secretary to the president. The
22 logs are for archive purposes. Then our responsibility ends,

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1 our working copy is destroyed.

2 Q The actual original moment of transaction record
3 is destroyed?

4 A Yes, is handwritten by the operator. That is
5 destroyed. The typewritten one is official.

6 Q Who types it up?

7 A The midnight shift operator.

8 Q Who is that?

9 A Well, we have three different people on the
10 midnight shift. It could either be one of the three
11 telephone operators.

12 Q How do they type it?

13 A On a -- I think it's an IBM Selectric typewriter.

14 Q It's not a word processor?

15 A No, it's not a word processor.

16 MR. RAUL: Do you save the ribbons on the
17 Selectric typewriter?

18 THE WITNESS: Do we save them? They are thrown
19 after they run out, put in the burn bag or taken off.

20 MR. HOLMES: Thanks, Alan, that was my next
21 question.

22 THE WITNESS: They are destroyed once it's used

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1 up.

2 MR. RAUL: It's a team effort.

3 BY MR. HOLMES:

4 Q There is only one copy created?

5 A Yes.

6 Q There is no additional backup copy or anything?

7 A No, just the working copy that the operator fills
8 out.

9 Q Are they destroyed at the same time the typed copy
10 is created?

11 A They are maintained in a cabinet for the end of
12 the month, in case there are some questions on it, any
13 questions about number, so on, might call from the archives.

14 Q What does the personal secretary of the president
15 do with their typed version?

16 A I guess it goes to the archives. I have no idea
17 what she does with it.

18 Q Since you don't, in your normal course of
19 business, preserve any of those records, you wouldn't have
20 responded to any kind of requests for those records in the
21 last year and a half, say?

22 A There have been requests for presidential call

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1 logs, I am trying to think, recently. Was the Challenger
2 within the last year?

3 Q Yes, a little over a year ago.

4 A Yes. I think a general memo came down from
5 Capitol Hill requesting records of any calls that we had.
6 That was beyond the time period we had the logs anyhow.

7 Q So you had to respond as you have just responded
8 to me, and that is if they want those records, they will have
9 to approach the presidential secretary in the archives?

10 A Yes, basically I responded I don't have the
11 records. I think it went out as a general-type thing from
12 the White House, big document. I had input into it.

13 MR. HOLMES: All right. Off the record.

14 (Discussion off the record.)

15 BY MR. HOLMES:

16 Q Mr. Nagy, I would like to talk about calls
17 completed within the system from one phone within the system
18 to another phone within the system. Do those also travel
19 through the switch?

20 A Yes.

21 Q And doing so, did they create any record of the
22 having been through the circuit?

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1 A No.

2 Q So there is no billing effect whatsoever to that
3 telephone call?

4 A No, it's all internal, four digit dial, whatever,
5 just dial the number.

6 Q For maintenance purposes, are there any electronic
7 memories of what phone calls are being made?

8 A No.

9 Q How do you know that? How do you know there is no
10 such record?

11 A Well, basically because of what we are utilizing,
12 I don't see how they could have the capability on it. You
13 would have to approach a piece of equipment we are talking
14 about to have detailed call recording or to be able to tell
15 how calls we generate are going to.

16 The phone on the desk there, there is the old what
17 they call A-1 keysets. I think what you are trying to say,
18 you have a lot of your new electronic telephone sets that are
19 out on the market that have capabilities of last number
20 dialed, recording, so on. We don't have that. For security
21 purposes, they are not within the compound. Secret Service,
22 again, evaluates all the equipment that we have in here, and

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1 there are certain specifications that then you would have to
2 meet; those phones have been in operation, again, before I
3 was here, probably a good 20 years easily, 25 years.

4 Q So you are saying that this A-1 set here in this
5 office is the prototype of all the other ones in the
6 compound?

7 A Yes.

8 Q There are no other vendors, then, other than AT&T
9 and no more modern phone systems in use?

10 A AT&T does have a telephone system, it's called the
11 Merlin, I believe, M-e-r-l-i-n. Again, the White House
12 Communications Agency utilizes these telephone sets. It's
13 mostly in a trip environment, where it's easy and compact to
14 take out on a trip when the president travels, the staff
15 travels. There are some in usage by the White House
16 Communications Agency, and their area of responsibility, I
17 believe they provide service too.

18 There are a few others that were put -- they are
19 lot easier to install, faster to install, Tower Commission,
20 for one, we had one put in for them and a few other places
21 that they needed it immediately.

22 Basically, a good 90 percent of your telephone

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1 system here within the White House is right there.

2 Q The phone communications used when the president
3 travels, I assume that's all within the WHCA ambit?

4 A Yes, that is their primary responsibilities.

5 Q Are there phone pagers in use within the compound?

6 A There are page boys, like I have one here, yes, by
7 the White House Communications Agency issues it. It's
8 basically on a tone-type arrangement, where you have a
9 three-digit dial that they program into their pager per se
10 and it sends out a beeping tone, and that individual knows to
11 call to the White House Communications number and find out if
12 it was paged or whatever.

13 Q The computer that switches those over is also a
14 White House Communications Agency?

15 A White House Communications Agency. I think it's a
16 Motorola, I believe it's provided by Motorola, that's who the
17 pagers are from.

18 Q The maker of the pager is Motorola and the maker
19 of the switch is Motorola, but the operation of the equipment
20 is done here on the compound?

21 A Yes.

22 Q Are there any digital pagers on the compound?

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1 A Not that I know of. Again, WHCA would have to
2 answer that; if they have some new updated equipment, I am
3 not aware of it.

4 MR. RAUL: Let the record show that Mr. Nagy
5 showed Mr. Holmes the page boy that he had in his own pocket
6 for the benefit of those reading the record, who wonder what
7 we are talking about.

8 BY MR. HOLMES:

9 Q The one you showed is not a digital pager;
10 correct?

11 A No.

12 Q It doesn't read out, it simply gives you a tone?

13 A It gives you a tone and you would call into the
14 number, the WHCA switchboard number to find out who is paging
15 you.

16 Q They would tell you which person had paged?

17 A Correct.

18 Q In order to do that, they would reference the
19 records they had there?

20 A Yes, they would have to have records of who is
21 calling.

22 Q But to your knowledge, other than perhaps WHCA,

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1 there are no digital pagers?

2 A Some of the telephone company people on the
3 premises have their own within the system, AT&T and C&P. If
4 we are talking about staff people, not that I know, unless
5 they went out and purchased their own somewhere.

6 Q If they purchase their own, you do know that they
7 didn't do it with your budget, though; right?

8 A That is correct, that is correct. If they
9 purchased their own, it wouldn't be fed through our telephone
10 switch, it would be a commercial number on it like any
11 other.

12 Q Right. So if they are carrying them around, it's
13 because they bought their own, they are paying their own
14 monthly fees and they are using it for whatever business they
15 have?

16 A That's correct.

17 Q Have you ever seen anybody with them?

18 A Other than the telephone people that I deal with,
19 no.

20 Q Mr. Nagy, on looking for records, whether
21 electronic or physical, that would reflect telephone use,
22 either from a particular or from particular individuals or

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1 from or for particular stations within the White House
2 compound, I want to ask you an open-ended question, whether
3 you can tell me whether any such record exists anywhere,
4 whether physical or electronic.

5 MR. RAUL: White House staff or executive
6 president of the White House staff?

7 BY MR. HOLMES:

8 Q Any person, group or agency within the compound
9 that you are aware of.

10 A Again, I am not aware of any, other than the ones
11 that I have mentioned.

12 MR. RAUL: Does your question exclude members of
13 the First Family that the residents -- are there any records
14 for any members of the First Family? I don't think it's
15 necessary to go into detail if there are such records. But
16 if you can tell Mr. Holmes.

17 THE WITNESS: There is a record for a member of
18 the First Family. Again, this is an operational record.
19 Secretarial service, when they are going through the
20 switchboard, rely on the secretarial service.

21 MR. RAUL: Off the record.

22 (Discussion off the record.)

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1 MR. RAUL: We just had a discussion off the record
2 regarding certain telephone operations provided as a courtesy
3 for members of the First Family. Just leave it at that.

4 BY MR. HOLMES:

5 Q Very well. Accepting the special records kept for
6 the presidential calls and for the First Family calls, are
7 there any other records that fit the description that I asked
8 you a moment ago?

9 A No.

10 Q That includes whether they are electronic or
11 physical, whether they are kept here on the premises or
12 elsewhere?

13 A Yes.

14 MR. HOLMES: I don't have any more questions.

15 MR. TETI: No, thank you, I am satisfied.

16 MR. HALL: I do not.

17 MR. RAUL: Thank you very much, Mr. Holmes.

18 MR. INTRATER: Off the record for a minute.

19 (Discussion off the record.)

20 MR. RAUL: We would like to thank the Senate and
21 House Select Committees for this opportunity to provide
22 information for their investigations, and formally request at

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1 this time an opportunity to review the transcript of
2 Mr. Nagy's deposition and to retain a copy of that
3 deposition. There are also certain areas that we have
4 discussed with Mr. Holmes that have been testified to that
5 will review during the course of our consideration of the
6 transcript.

7 (Whereupon, at 1:20 p.m., the deposition was
8 concluded.)
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ALEX NAGY

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CERTIFICATE OF NOTARY PUBLIC REPORTER

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I, WENDY S. COX, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Wendy S. Cox
Notary Public in and for the
District of Columbia

My Commission Expires NOVEMBER 14, 1987

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OFFICIAL TRANSCRIPT PROCEEDINGS BEFORE

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

In the Matter of:)

TESTIMONY BEFORE THE SENATE)
SELECT COMMITTEE ON SECRET)
MILITARY ASSISTANCE TO IRAN AND)
THE NICARAGUAN OPPOSITION)

DEPOSITION OF SHIRLEY A. MARIER

Washington, D. C.

April 10, 1987

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5 In the Matter of: ;
6 TESTIMONY BEFORE THE SENATE ;
7 SELECT COMMITTEE ON SECRET ;
8 MILITARY ASSISTANCE TO IRAN AND ;
9 THE NICARAGUAN OPPOSITION ;
10 ----- x

11 Washington, D.C.

12 Friday, April 10, 1987

13 The Deposition of SHIRLEY A. NAPIER was
14 convened at 1:45 p.m., in Room 220, Hart Senate Office
15 Building, Washington, D.C., the witness being first duly
16 sworn by JANE W. BEACH, a Notary Public in and for the
17 District of Columbia, and the proceedings being taken
18 down by Stenomask by Jane W. Beach and transcribed under
19 her direction.
20
21
22

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4 VICTORIA F. NEURSE, Esquire
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7 Assistance to Iran and the Nicaraguan
8 Opposition
9 Washington, D.C.

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C-O-N-T-E-N-T-S

Deposition of **Examination**

SHIRLEY A. NAPIER

By Mr. Beinick 4

EXHIBITS**Napier Deposition****Page****Exhibit No.**

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1 P-B-Q-C-E-E-D-I-N-G-S

2 MR. BELNICK: Good afternoon.

3 Whereupon,

4 SHIRLEY A. NAPIER,

5 called as a witness herein by counsel for the Committee,

6 was examined and testified as follows

7 EXAMINATION

8 BY MR. BELNICK:

9 Q Ms. Napier, by whom are you employed?

10 A Stanford Technology Trading Group
11 International.

12 Q Sometimes known as STTG?

13 A Right.

14 Q For how long have you been employed by that
15 company?

16 A Three and a half years.

17 Q You were hired roughly in November 1983?

18 A Correct.

19 Q Who hired you for that?

20 A Mr. Secord.

21 Q Is that Richard Secord?

22 A Yes.

1 Q Would you trace your employment at STTGI since
2 your hiring in 1983?

3 (Witness sworn.)

4 BY MR. BELNICK: (Resuming)

5 Q Would you trace your employment history at
6 Stanford since October '83?

7 A I started in November '83. I worked full-time
8 until March of '85, at which time I went to part-time
9 and went to school. May of '85 through the middle of
10 September '85, I did not work at all for Stanford
11 Technology.

12 In the middle of September of '85, I started
13 part-time and continued part-time through March of '86.
14 April of '86 through the present, I've been working full
15 time.

16 Q What were your job responsibilities between
17 '83 and your return to full time work in April of '86?

18 A I started out as a secretary. We were setting
19 up the office, so I set up the files, did some typing,
20 answered the phones.

21 When I returned in March of '86 full time, I
22 was hired as a staff assistant. I did accounts payable,

1 I did some traveling with Mr. Second, I ran errands, I
2 arranged for visas.

3 Q Are those the general areas?

4 A Yes, general.

5 Q Now, you say you've run errands for Mr. Second
6 since April of 1986?

7 A Yes.

8 Q Did any of those involve visits to the Old
9 Executive Office Building in Washington, D.C.?

10 A Yes.

11 MR. TREANOR: Excuse me. Before we go any
12 further, I wonder if this might be an appropriate time
13 to put on the record the status of these witnesses with
14 regard to the vote by your Committee to grant them
15 immunity. I want to make sure that the record is clear
16 before we get into the substantive detail of their
17 testimony.

18 MR. BELNICK: The Senate Committee voted at
19 its business meeting on April 2, 1987, to compel
20 testimony from both of these witnesses, Ms. Napier and
21 Ms. Corbin, and in connection therewith to apply to the
22 court for use immunity.

1 The application was filed and notice was given
2 to the Attorney General and to the independent counsel,
3 I believe, on April 3. We have received word from the
4 Attorney General that the Attorney General will not ask
5 for the additional 20 days. We have reason to believe
6 that the independent counsel will do likewise, and it is
7 Senate counsel's intent to go forward then with the
8 formal application to the court this coming Monday,
9 April 13th.

10 Now, I understand also, Gerry, that there is
11 an immunity order covering both of these witnesses from
12 Judge Robinson.

13 MR. TREANOR: We were served with orders
14 covering both Ms. Napier and Ms. Corbin on April the
15 1st. Those orders were executed, I think, on March the
16 31st by Chief Judge Robinson of the U.S. District Court
17 in Washington.

18 I would simply like to put on the record, in
19 addition to that fact, my understanding that, although
20 the formal orders sought pursuant to the vote of your
21 Committee have not been issued, that the intent of the
22 Committee is to extend to these discussions and to these

1 depositions today the same blanket immunity that will be
2 formally in place from your Committee in another four or
3 five days.

4 MR. BELNICK: Absolutely.

5 BY MR. BELNICK: (Resuming)

6 Q Ms. Napier, I had asked you before we had that
7 discussion whether you had run errands for Mr. Secord to
8 the Old Executive Office Building in Washington, D.C.,
9 and I believe you answered yes. Am I correct?

10 A Yes.

11 Q Would you describe those errands?

12 A At times I would take envelopes down there. I
13 have taken the encoding machines, broken machines, down
14 there and received a new one to take its place. And at
15 one time I took money down there, and I took a Bible
16 down there.

17 Q The "there" you've been referring to is the
18 Old Executive Office Building?

19 A Yes.

20 Q Did you see anybody in the Old Executive
21 Office Building on those occasions?

22 A Whenever I took something down there, I gave

1 it to Fawn Hall.

2 Q And who did you understand Fawn Hall to be?

3 A Secretary to Gilie North.

4 Q When did you make these errands, during what
5 year?

6 A '86.

7 Q Could you describe for us the occasion in 1986
8 when you delivered money to the Old Executive Office
9 Building?

10 A Bob Dutton was trying to get in touch with
11 Bill Cooper, who was coming to D.C., and he wanted him
12 to stop in Miami and pick up documents or papers, and he
13 could not get a hold of Bill Cooper. And Mr. Secord was
14 out of town and I didn't have much to do, so I
15 volunteered to go down and pick up the papers.

16 Bob said he would have to make a phone call.
17 He made his phone call, came back, said it was okay for
18 me to pick it up, to make my reservations, and that he
19 was going to make another phone call.

20 Well, I made my reservations and he came back,
21 and at that time he told me that I would be picking up
22 \$16,000 in cash from a man who worked for Southern Air

1 Transport.

2 Q All right.

3 A And when I picked it up to bring it back to
4 D.C. and to take it to Colonel North at the Old
5 Executive Office Building.

6 Q Before we go any further, who was Bob Dutton?

7 A Bob Dutton, his title is staff director with
8 Stanford Technology Trading Group International.

9 Q So he worked in the same group as you?

10 A Yes.

11 Q Who is Bill Cooper?

12 A Bill Cooper is a pilot that was down in
13 Central America.

14 Q Do you know by whom he was employed?

15 A I don't know who the employer was.

16 Q Did Mr. Dutton tell you the name of the man
17 from Southern Air Transport that you were to see in
18 southern Florida?

19 A He did, and I can't remember the man's name.

20 All I remember is I can describe him, and he said he was
21 the controller for Southern Air.

22 Q Do you recall his name being Bill Langdon?

1 A No, it was not Bill Langdon. He said I might
2 meet Bill Langdon, but that another gentleman would meet
3 me and it would not be Bill.

4 Q Did you fly to Miami?

5 A Yes, I did.

6 Q Do you recall when this was?

7 A It was August 26th.

8 Q 1986?

9 A 1986.

10 Q Tell us what happened when you went to Miami?

11 A I met the man at the gate that we had arranged
12 and he had on an SAT ID badge, fit the description, and
13 he recognized me by what I was wearing. We went to a
14 lounge. He gave me a Federal Express overnight
15 envelope, like an 8-1/2 by 11 size. And he opened it
16 up, showed me the money.

17 I did not count the money in the lounge
18 because it was crowded. We went to the lounge. I went
19 to the ladies room and counted the money, and there was
20 \$16,000.

21 Q In what denomination bills?

22 A It was all twenties and under.

1 Q What did you do after you counted the money?

2 A I boarded the plane back to D.C., to Dulles.

3 Q Once you arrived at Dulles?

4 A I left my car there. I got in my car and went
5 down to the Old Executive Office Building. I went into
6 the 17th Street entrance. There was a phone there, a
7 house phone. I called Fawn's extension and told her I
8 was downstairs with a package that I thought Ollie was
9 waiting for.

10 Q What happened then?

11 A I wait a few minutes and she came down and
12 took the money.

13 Q Did she say anything to you? I'm talking
14 about Fawn Hall. Did she say anything to you when she
15 came down?

16 A We exchanged a few words and she said
17 something. It was either "Did you go to Miami and get
18 this?" or "Did you go down there today?" I don't
19 remember exactly what it was, but that was the extent of
20 our conversation.

21 Q What did you do then?

22 A I went to my home, because it was late in the

1 afternoon.

2 Q Did you report to Mr. Dutton that evening?

3 A No. I think I talked to him the next day. I
4 think he might have called the office and asked me about
5 it, and I told him I had delivered it. And he said
6 "Thank you for going down there."

7 Q Aside from Mr. Dutton and the people who are
8 in this room today, have you told anyone before about
9 this delivery of money to Fawn Hall at the Executive
10 Office Building for Gille North?

11 A I told my husband once the independent counsel
12 had talked to me.

13 Q Did you ever talk to Mr. Secord about it?

14 A Oh, yes, I did tell Mr. Secord about it.

15 Q When was that?

16 A It was after he returned, a few days after I
17 went down there.

18 Q What did you say to him?

19 A I asked him if he knew I had gone down, and
20 yes, he was aware that I had gone down. And I just told
21 him about what I had done.

22 Q Did you tell him you had picked up cash and

1 delivered it to Fawn Hall for Colonel North?

2 A Yes.

3 Q What did he say?

4 A He was concerned I had gotten involved in it.

5 Q Do you recall what he said, what he said along
6 those lines?

7 A I think he was a little upset that I had been
8 asked to do it. But I really wasn't asked. I had
9 volunteered, not knowing what I was going to do.

10 He was a little upset that Bob had allowed me
11 to do it and was concerned that I had been involved in
12 it. That was the only thing he expressed to me.

13 Q Did he tell you what the cash was for, Mr.
14 Secord?

15 A No, he did not.

16 Q Did Mr. Dutton tell you what the cash was
17 for?

18 A No, he did not.

19 Q Has anyone to this day told you what the cash
20 was for that you were asked to and did deliver to Fawn
21 Hall?

22 A No.

1 Q Do you have any understanding of what it was
2 for?

3 A No, I do not.

4 Q Did you ever discuss this cash delivery with
5 Mr. Hakim?

6 A No, I don't believe I did.

7 Q All right. Now, aside from the people we've
8 mentioned -- your husband, lawyer, and the others in
9 this room -- have you discussed this cash delivery with
10 anyone else?

11 A No.

12 MR. TREANOR: Other than the independent
13 counsel?

14 BY MR. BELNICK: (Resuming)

15 Q Including the independent counsel.

16 A No.

17 Q Now, there were other occasions in 1986 when
18 you made deliveries or picked things up at the Old
19 Executive Office Building, correct?

20 A Correct.

21 Q Was there ever any other occasion when to your
22 knowledge you delivered money to that building?

1 A No.

2 Q Was there ever any occasion when to your
3 knowledge you picked up money, including checks,
4 travelers checks, or cash, from Fawn Hall at that
5 building?

6 A No.

7 Q Was there any other occasion apart from the
8 occasion you've just described in August 1986 when you
9 delivered what you knew to be money to anybody who
10 worked for the United States government?

11 A No.

12 Q Let me show you some travel records that you
13 brought with you today and ask you if they pertain to
14 the trip you have just described. Let me show you two
15 documents: August 25 -- these are the same. Let's go
16 off the record a second.

17 (Discussion off the record.)

18 MR. BELNICK: Back on the record.

19 Ms. Napier, let me hand you the document we've
20 now marked as Napier Exhibit 1. Can you describe what
21 that is?

22

1 (The document referred to
2 was marked Napier Deposition
3 Exhibit No. 1 for
4 identification.)

5 A This is a copy of the itinerary for the flight
6 down to Miami on May 26th of 1986.

7 Q And Napier Exhibit 2?

8 (The document referred to
9 was marked Napier Deposition
10 Exhibit No. 2 for
11 identification.)

12 A This is a copy of the itinerary for the return
13 trip, from Miami to Washington on August 26th, 1986.

14 Q You produced both of these documents here this
15 morning?

16 A Right, yes.

17 Q I wanted to ask you, referring again to the
18 SAT representative whom you met, do you know what his
19 name was?

20 A I did know his name. I had it written down on
21 one of my pads that I don't have any more. I don't know
22 whether I would recognize his name if I saw a list of

1 SAT employees or not.

2 Q Had you seen him before that occasion?

3 A No.

4 Q Have you ever seen him again?

5 A No.

6 Q Mr. Bill Cooper --

7 MR. BALLENS: Does the name Robert Mason come
8 to mind?

9 THE WITNESS: Robert Mason? No.

10 BY MR. BELNICK: (Resuming)

11 Q Had you any dealings with Bill Cooper before
12 August 5, 1966?

13 A No, I never saw the man. I think I've
14 answered the phone when he's called once or twice.

15 Q Have you ever seen him?

16 A No.

17 Q Do you know what his business was with your
18 company?

19 A No, other than I knew he was a pilot working
20 in Central America.

21 Q Where in Central America, did you know?

22 A El Salvador, Nicaragua.

1 Q When he called, to whom did he ask to speak?
2 A Bob Dutton.
3 Q I'm sorry?
4 A To Bob Dutton.
5 Q How did you know Mr. Cooper was a pilot and
6 where he was working? Did Mr. Dutton tell you that?
7 A Yes, he did.
8 Q Is that all you know about Bill Cooper?
9 A Other than the plane crash. He was the one
10 that was killed in the plane crash down there.
11 Q Do you recall when that was?
12 A It was October or November.
13 Q Did Mr. Hasenfus ever call the office?
14 A He has called one time.
15 Q And when in relation to October 1986 was
16 that?
17 A He has called within the past month.
18 Q Within the past month?
19 A Yes.
20 Q With whom did he ask to speak?
21 A Bob Dutton.
22 Q Mr. Dutton is still coming to work at SITCIT?

1 A Yes.

2 Q And so is Mr. Secord?

3 A Yes.

4 Q And they've been there together the last month
5 at various times?

6 A Yes, sure.

7 Q While you and Ms. Corbin were there?

8 A Yes.

9 Q When was the last time Mr. Hakim was in the
10 office to your knowledge?

11 A I think maybe October, September, October,
12 November, around in that area.

13 Q Of 1986?

14 A 1986, yes.

15 Q You're still employed at SITCI?

16 A Yes.

17 Q Now let's talk about the other errands you ran
18 for Mr. Secord to the Old Executive Office Building.

19 You said there were occasions when you delivered
20 envelopes. This is the occasions other than on August
21 1986 when you delivered the cash.

22 There were other occasions when you delivered

1 envelopes, correct?

2 A Yes.

3 Q About how many of those occasions were there
4 during 1986?

5 A A half a dozen to a dozen times.

6 Q Could you describe the envelopes that you
7 delivered?

8 A Most of the time, it was just a letter sized
9 plain white envelope.

10 Q Business size?

11 A You know, like not the personal stationery
12 size, but the letter size.

13 Q Who gave you the envelopes to deliver?

14 A Most of the time, from Mr. Secord,
15 occasionally from Bob Dutton.

16 Q How long in advance of the delivery did either
17 Mr. Dutton or Mr. Secord give you the envelope?

18 A Most of the time it was just to hand me the
19 envelope and just tell me to take it downtown.

20 Q Was the envelope bulky?

21 A No.

22 Q What did it feel like it had inside of it?

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1 A A letter, paper.

2 Q On each of those occasions when you delivered
3 such an envelope, did you deliver it to Fawn Hall?

4 A Yes. I think there was one time that a girl
5 by the name of Barbara met me downstairs.

6 Q Do you recall her last name?

7 A No.

8 Q Have you ever heard the name Barbara Brown?

9 A No.

10 Q How would you arrange to meet Fawn Hall or in
11 the one case Barbara Brown or Barbara?

12 A I would take my car, I would call her before I
13 leave the office, call her and say that I would be there
14 in 20 minutes. Sometimes Mr. Secord would tell me to
15 take his car, because he has a car phone, and I would
16 call her when I got within five minutes of the Executive
17 Office Building.

18 And then, sometimes if I had to wait I would
19 call her from downstairs and tell her I was down there.

20 Q And then Fawn Hall would simply take the
21 envelope?

22 A Yes.

1 Q And on the occasion when Barbara took it, did
2 she give you anything in return?

3 A I think I may have picked up one of the
4 envelopes from her.

5 Q From Barbara?

6 A From Barbara.

7 Q And on the occasions when you delivered the
8 white envelopes to Fawn Hall, did she give you
9 anything?

10 A There was not always an exchange. There were
11 times that I was sent down there to pick up something,
12 but not every time I went down there did I get something
13 in return.

14 Q Sometimes you did, sometimes you didn't?

15 A Sometimes she would have something for me and
16 I would have something for her.

17 Q Did Fawn Hall -- on the occasions when Fawn
18 Hall gave you something, was it always the same thing?

19 A No.

20 Q Tell us what she gave you?

21 A There were times where I would get an envelope
22 that had -- they used stamps, some tapes for the encoding

1 machine, and they were just in a hard plastic holder,
2 and I could tell what those were from the bulk of the
3 package and the feel of it.

4 I have picked up just a plain envelope before,
5 and also an encoding machine.

6 Q Aside from the envelopes that you knew had the
7 encoding machine tapes, could you tell what was in the
8 other envelope or envelopes that you received from Fawn
9 Hall?

10 A No.

11 Q Has anyone to this day, anyone, ever told you
12 what was in any of the envelopes that you delivered to
13 the Old Executive Office Building?

14 A No.

15 Q Has anyone ever told you to this day what was
16 in any of the envelopes you received from the Old
17 Executive Office Building, apart from those which had
18 the encoding tapes?

19 A No.

20 Q Have you ever -- have you discussed those
21 deliveries with [REDACTED] anyone other than your lawyer, the
22 independent counsel, your husband, the people here

1 today?

2 A No.

3 Q Aside from the \$16,000 delivery which you
4 described, Ms. Napier, were you involved in any other
5 large cash transaction while you've been employed at
6 STTGI?

7 A Yes.

8 Q Did that occur on or about March 26th, 1986?

9 A Yes.

10 Q Could you describe for us what happened at
11 that time?

12 A Mr. Wylie was in the office and had me call
13 the bank to see if a wire transfer had come into his
14 personal account at First American. And it had, and he
15 gave me two checks to type out. He asked for one to be
16 made out -- both of them to be made out to cash, one in
17 the amount of \$8,000 and one in the amount of \$7,000.

18 MR. BELNICK: Would you stop for a moment
19 while I ask the reporter to mark this as the next
20 exhibit.

21 (The document referred to
22 was marked Napier Deposition

**Exhibit No. 3 for
Identification.)**

3 BY MR. BELNICK: (Resuming)

4 Q Does that document contain photocopies of the
5 two checks to cash to which you have just testified?

Q Yes.

7 Q Both dated March 26th, 1986?

8 A. Yes.

9 Q One in the amount of \$8,000, the other in the
10 amount of \$7,000?

11 A Yes.

12 Q Could you turn to the second page of the
13 exhibit. Would you describe what that is?

14 A It's my signature where I endorsed the checks
15 so that I could cash them.

16 Q And did you produce these two pages this
17 morning?

16 A Yes, I did.

19 Q Mr. Hakim asked you on March 26th to draw up
20 these checks?

21 A Right.

22 Q You did, and then what happened?

1 A He asked me to go to two different branches of
2 First American and cash them.

3 Q That's the First American Bank of Virginia?

4 A Correct.

5 Q Which branches?

6 A I went to the Vienna branch and Tysons
7 Corner.

8 Q And you cashed them?

9 A And I cashed them, and brought the money back
10 to the office and gave it to him.

11 Q Did he leave the next day?

12 A He left that night or the next day on a trip.

13 Q Do you know where?

14 A I don't know for sure. I think it might have
15 been London or Geneva.

16 Q All right.

17 A It was an overseas trip.

18 Q Did you -- did Mr. Hakim tell you what he
19 needed the cash for on that day?

20 A No, he did not.

21 Q Did you express any concern to him about this
22 transaction?

1 A Yes, because I was semi-aware of a law that if
2 you cashed a check over \$10,000 you were supposed to
3 report it or fill out a form. And he said that that
4 didn't apply to this because each check was not over
5 \$10,000; I had nothing to worry about.

6 Q Was anyone else in the office on the day that
7 you cashed these checks and brought it back to Mr.
8 Hakim?

9 A Mr. Secord was there, John was there, and to
10 the best of my memory Tom Clines and Rafael Quintero
11 were also there on that day.

12 Q Were they present when you handed Mr. Hakim
13 the cash or discussed any part of the transaction with
14 him?

15 A I don't believe they were right there in his
16 office when I gave the money back. I think they were
17 somewhere in the offices.

18 Q Did you know who Tom Clines was?

19 A Yes.

20 Q Who was he?

21 A He's a friend of Mr. Secord's.

22 Q Did he call the office frequently?

- 1 A Yes.
- 2 Q Did he come in frequently?
- 3 A Yes.
- 4 Q Do you know what business he had with Mr.
- 5 Secord?
- 6 A No, I've never been told what business he had
- 7 with him.
- 8 Q Did he ever ask you to place calls while he
- 9 was in the office, "he" being Mr. Tom Clines,
- 10 C-i-l-i-n-e-s?
- 11 A Yes, he has.
- 12 Q And where did he ask you to place calls?
- 13 A To Portugal.
- 14 Q To where? To anybody you can recall in
- 15 Portugal?
- 16 A His name is Jose Carneiro.
- 17 Q C-a-r-n-e-i-r-o --
- 18 A J-o-s-e C-a-r-n-e-i-r-o.
- 19 Q In what city in Portugal?
- 20 A That I don't know, because I just use a
- 21 country code. I'm not even sure I used a city code.
- 22 Q Is his name on your rolodex in the office?

1 A Garnell, I believe so.
2 Q Do you still have that rolodex?
3 A Yes.
4 MR. BELNICK: I request that we get a copy of
5 the rolodex cards from Ms. Napier.
6 MR. TREANOR: Yes.
7 MR. BELNICK: Okay.
8 BY MR. BELNICK: (Resuming)
9 Q Did Mr. Glines ever ask you to call anyone
10 else?
11 A Oh, on occasion he's been in the office, he
12 would ask me to call people.
13 Q Who?
14 A Quintero.
15 Q Where did you reach Mr. Quintero?
16 A In Miami.
17 Q Anyplace else?
18 A No, I think that was it.
19 Q Did Mr. Quintero come into the office from
20 time to time?
21 A Yes, he did.
22 Q Whom did he come in to see?

1 A He would come in to see Bob Dutton or Mr.
2 Secord.

3 Q Do you know what Mr. Quintero's business was?

4 A No.

5 Q Do you know what the nature of his dealings
6 were with Mr. Secord or your company or Mr. Dutton?

7 A No, I was never told. I assumed he had
8 something to do with the operations in Central America.

9 Q To return to the story you were telling us
10 concerning the \$15,000 transaction on March 26th, 1986,
11 you mentioned a wire transfer of the \$15,000 into Mr.
12 Hakim's account, which you confirmed, correct?

13 A Yes.

14 Q Do you know where that wired money came from?

15 A I believe it came from Switzerland.

16 Q And on what do you base that?

17 A Well, that's where most of our money, when we
18 got wire transfers in, that's where most of it came
19 from. And I'm assuming that came -- I don't have it to
20 look back on right now, the wire transfer slip. But I'm
21 assuming that's where it came from.

22 Q Do you know if that wire transfer slip still

1 exists?

2 A I think it does.

3 Q Where would it be?

4 A It would be in Mr. Hakim's personal records.

5 Q Where are they?

6 A There are some in the office.

7 Q At STTCI?

8 A Yes.

9 Q Where are the others?

10 A He may have it. It might have been something
11 I mailed to him if he wasn't around the office, but
12 probably it should be in with his personal stuff there.

13 Q Was there a place you personally mailed things
14 to Mr. Hakim at when he wasn't at the office?

15 A Yes.

16 Q Where was that?

17 A In his home in Los Gatos, California.

18 Q Do you remember the address?

19 A I know it's [REDACTED]. I don't remember the
20 number, but I know it's [REDACTED].

21 Q All right. Is it on your rolodex?

22 A Yes.

1 MR. BELNICK: Would you mark this next
2 document as Napier 4.

3 (The document referred to
4 was marked Napier Deposition
5 Exhibit No. 4 for
6 Identification.)

7 BY MR. BELNICK: (Resuming)

8 Q Shirley, let me hand you the document that's
9 now been marked as Napier Exhibit 4. Could you describe
10 what it is?

11 A This is what I had written up about the two
12 cash transactions that I did.

13 Q The \$15,000 and the \$16,000 transactions that
14 you testified about today, correct?

15 A Correct.

16 Q About when did you prepare this document?

17 A It's been about three weeks ago.

18 Q Is that your signature at the bottom?

19 A Yes, it is.

20 Q And did you put that signature on at my
21 request earlier today?

22 A Yes, I did.

1 Q And dated it today?

2 A Yes, I did.

3 Q But it was prepared about three weeks ago?

4 A Yes.

5 Q Okay. At whose -- was it at someone's request

6 that you prepared this?

7 A No. I did this to help my attorney with some

8 things that we had gone over.

9 Q Aside from your attorney, independent counsel

10 and us, have you shownⁿ this document, Napier Exhibit 4,

11 to anyone else?

12 A No.

13 Q Have you ever shown it to Mr. Secord?

14 A No.

15 Q Have you told Mr. Secord that you were

16 preparing such a document?

17 A No.

18 Q How about Mr. Hakim or Mr. Dutton?

19 A No.

20 Q Now let's talk for a moment about

21 Switzerland. You said that most of the wire transfers

22 came from Switzerland. Do you recall the name of any

1 banks or accounts in Switzerland from which the wire
2 transfers originated?

3 A CSF.

4 Q CSF, like "Frank"?

5 A Yes.

6 Q Any else?

7 A I think we had some from Credit Suisse. That
8 was it.

9 Q Did you know what CSF was?

10 A I assume it was a banking institution.

11 Q Apart from that, did you have any information
12 about it?

13 A No.

14 Q Did you know if it had any relationship to
15 your company or Mr. Secord or Mr. Hakim?

16 A No, other than the money just coming through
17 there.

18 Q Do you recall how much money in total came in
19 from CSF during 1986?

20 A Not total I don't. I can remember some of the
21 wire transfers, but not a total of them.

22 Q What amounts do you recall coming in?

1 A One thing that was a total was that we had a
2 \$200,000 letter of credit with CSF, and we received
3 \$110,000 of that over, I believe, '85 and '86.
4 Q And where was that deposited, do you know?
5 A To First American Bank.
6 Q To whose account?
7 A The STTGI.
8 Q Do you recall any other wire transfer amounts
9 from CSF?
10 A We received \$70,000 that came through CSF, and
11 it was referenced "Udall."
12 Q When was that?
13 A I believe that was in late summer, spring of
14 '86.
15 Q And what did you do with that?
16 A Well, that automatically, on a wire transfer,
17 deposits into your account.
18 Q The same account at First?
19 A Yes.
20 Q Do you recall any others?
21 A There was one in the amount of 58,000 and I
22 believe 700 dollars, that was in the spring or early

1 summer of '86.

2 Q Also went into the First American account?

3 A Yes, correct.

4 Q Was there a reference on that?

5 A I believe it was referenced "ADC."

6 Q Okay.

7 A We received -- I believe this was in the fall
8 of '85, but possibly the fall of '86, I'm not sure, it
9 was \$99,995 from KITCO, K-I-T-C-O.

10 Q Where was that?

11 A That came through CSF, and it was referenced
12 KITCO.

13 Q Do you know what KITCO was?

14 A The only thing I was told about KITCO is that
15 represented \$50,000 consulting fee for '85 and \$50,000
16 consulting fee for '86.

17 Q Beyond that, you don't know what KITCO is or
18 was?

19 A No.

20 Q Any other wire transfers from CSF, do you
21 recall?

22 A I believe we received one from Lake

1 Resources. I don't remember the amount and I'm not
2 absolutely positive it was from Lake, but that's in my
3 mind for some reason.

4 Q Is there a date in your mind attached to the
5 Lake Resources transfer, approximately when?

6 A No.

7 Q What was ADC?

8 A I believe it stood for ~~Associated Development~~
9 ~~Corporation~~.

10 Q Did that company to your knowledge have any
11 dealings with Secord or STTCI?

12 A The only one I remember talking about that
13 would have been Mr. Hakim, and again it was for
14 consulting.

15 Q Apart from the one ADC transfer you've
16 described, do you recall any others?

17 A I don't recall any offhand.

18 Q Okay. ~~Richard Zucker~~, do you know that name?

19 A Yes, I do.

20 Q Who do you know him to be?

21 A Associated with CSF.

22 Q And how do you know that?

1 A Because I sent telexes to him at CSF, I've
2 placed calls to him at CSF for, I believe, Mr. Hakim to
3 speak to him.

4 Q From whom were the telexes that you sent Mr.
5 Zucker, Hakim or Secord or both?

6 A Usually Mr. Hakim.

7 Q Do you recall ^{what} the telexes concerned?

8 A Most of them were in reference to collecting
9 moneys or having something to do with money.

10 Q Asking Mr. Zucker to collect money?

11 A Yes. At some point they had an arrangement
12 that CSF would collect funds from people that we were
13 doing consulting for, and they would take like a one
14 percent commission from whatever they collected.

15 Q Anything else you recall about those telexes?

16 A No. Most of them, it was just wanting to know
17 where the money was from -- say like, you know, that
18 \$70,000 from Udall, it was just a follow-up telex to see
19 where the money was at that point, when we could expect
20 it.

21 Q Did you know if Mr. Udall had any connection
22 with Mr. Secord or your company?

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1 A Other than having stationery printed at one
2 time, that's all.

3 Q Who had the stationery requested?

4 A It was either at Mr. Hakim's or Mr. Secord's
5 request that we had stationery printed.

6 Q They asked you to have stationery printed for
7 Udall?

8 A Actually, I believe they asked Joan to do the
9 Udall.

10 Q The stationery was kept in your offices?

11 A Yes.

12 Q Did you ever use it?

13 A No.

14 Q Okay. Do you know the name Prince Bandar?

15 A Yes.

16 Q And who's he?

17 A He's the ambassador of Saudi Arabia.

18 Q And how do you know that name?

19 A Mr. Secord has talked about him on occasion as
20 being a personal friend.

21 Q Did Mr. Secord ever ask you to make calls to
22 Prince Bandar?

1 A I believe I placed one call to the embassy.

2 Q Do you recall when that was?

3 A I think that was in the first year that I
4 worked for him.

5 Q During 198 --

6 A Probably '84.

7 Q Was that the same year when you got Mr. Secord
8 a visa to Saudi Arabia?

9 A Yes.

10 Q And did you get Mr. Hakim a visa to Saudi
11 Arabia in 1984, do you recall?

12 A I believe I did.

13 Q Did Prince Bandar ever come into your -- has
14 he ever come into your office that you're aware?

15 A No.

16 Q But Mr. Secord has been to the embassy?

17 A I don't know that for a fact.

18 Q Okay. Did Mr. Secord ever tell you that he
19 had been to the embassy?

20 A I think the only thing he's ever said is that
21 he met with Bandar. Where they met I don't know.

22 Q Do you know if Mr. Secord was invited to the

1 embassy in connection with King Faisal's visit to the
2 United States in 1959.

3 A Yes, he was.

4 Q To a reception?

5 A I don't know whether he went to the
6 reception. He went to the dinner at the [redacted].
7 He was invited to that.

8 Q You mentioned before delivering a Bible to the
9 Old Executive Office Building.

10 A Yes.

11 Q When was that?

12 A That was, I believe, in September or October
13 of 1959.

14 Q Would you describe for us how that happened?

15 A Mr. Hakim was in town, and he and Mr. Secord
16 had been out of the office, returned, had the Bible.
17 They were trying to find an appropriate inscription for
18 the Bible, and then he asked me to deliver it to the Old
19 Executive Office Building, to give it to [redacted].

20 Q To Fawn Hall?

21 A Yes.

22 Q Did Mr. Hakim ask you if you knew a suitable

1 inscription?

2 A Yes, he did.

3 Q What did you tell him?

4 A I told him no, I didn't.

5 Q Did he tell you the purpose, what the Bible
6 was going to be used for, who it was going to be given
7 to?

8 A That it was going to Iranian friends.

9 Q Okay. And what did you do with it?

10 A I put the Bible in a brown envelope and sealed
11 it up, write Fawn's name on the front, and "MSC," took
12 it down to the Old Executive Office Building, and went
13 in and left it in the mail room. And then I called Fawn
14 and told her that it was down there.

15 Q And did you wait for her to pick it up?

16 A No.

17 Q Now, have you described for us now all the
18 occasions when you either delivered or picked up
19 something at the Old Executive Office Building?

20 A Yes.

21 Q Did you ever deliver anything to Fawn Hall
22 anywhere other than the Old Executive Office Building?

1 A No.

2 Q Ever receive anything from Fawn Hall or from
3 Barbara anywhere other than at the Old Executive Office
4 Building?

5 A No.

6 Q How about deliveries to Barbara other than at
7 the Old Executive Office Building? Any?

8 A No.

9 Q Do you know the name [REDACTED]

10 A Yes.

11 Q Who is he?

12 A He's -- he came to our office a few times; and
13 one of the trips I made with Mr. Secord to Miami, Mr.
14 Gimstead was present at the meeting. I'm not sure what
15 his function is or what company.

16 We had Lake Resources stationery made up, I
17 believe in May of '86. And I went to pick that up, and
18 he was waiting at the office for that station^eery, and he
19 took five or six sheets.

20 Q What's his first name?

21 [REDACTED] know which is correct,
22 or even if one is correct.

- 1 Q Could you describe him physically?
- 2 A He's tall, thin. He wore glasses that were
- 3 tinted.
- 4 Q Color of his hair?
- 5 A Kind of sandy brown. He had a moustache.
- 6 That's about it.
- 7 Q How old was he?
- 8 A Forty-ish.
- 9 Q When's the last time you saw him?
- 10 A I think the last time I saw him was when he
- 11 was waiting for that stationery.
- 12 Q Which was?
- 13 A Back in May of '46.
- 14 Q Do you know whether he had sight in only one
- 15 eye?
- 16 A I was told that he did not have sight in one
- 17 eye.
- 18 Q Do you know whether he had a glass eye?
- 19 A I was never told that. I was just told he was
- 20 blind in one eye.
- 21 Q Who told you that?
- 22 A I believe it was Bob Dutton.

1 Q How many times was Mr. Olmstead in your
2 offices?
3 A I only remember seeing him there two times.
4 Q And who did he meet with on those occasions?
5 A I believe it was Mr. Secord.
6 Q On both occasions?
7 A Yes.
8 Q And was it on the second occasion when he took
9 the stationery from you?
10 A Yes, I believe it was.
11 Q Do you know what his business was?
12 A No, I don't.
13 Q And again, he was in Miami on one of the trips
14 that you made with Mr. Secord?
15 A In April of '86.
16 Q Do you know his address, Mr. Olmstead?
17 A No. He told me once. I took him to the
18 airport. He said he lived in Maryland.
19 Q Anything more specific than that?
20 A Somewhere that it sounded like it was a way
21 from the city, because they said something about the
22 lots were fairly big and he had a garden, and talked

1 about either had a dog or would like to get a dog, but
2 he travels a lot, you know.

3 Q He'd like to get rid of a dog?

4 A That was about it. I think Bob Dutton said
5 that he was an ex-Marine.

6 Q Did he or Mr. Dutton tell you whether Mr.
7 Olmstead had served with Colonel North in the military?

8 A No, that was never mentioned.

9 Q You took Mr. Olmstead to the airport. Do you
10 know where he was going?

11 A No.

12 Q Did you ever place calls to him, telephone
13 calls?

14 A No.

15 Q Is he on your rolodex?

16 A I don't believe he is.

17 Q You said that one of the things you have done
18 on your job is to travel with Mr. Secord, correct?

19 A Correct.

20 Q Have you also made up a list of the trips with
21 Mr. Secord or on his behalf that you recall?

22 A Yes.

1 MR. BELNICK: Would you mark this as the next
2 Exhibit, Napier 5.

3 (The document referred to
4 was marked Napier Deposition
5 Exhibit No. 5 for
6 Identification.)

7 BY MR. BELNICK: (Resuming)

8 Q Shirley, showing you this document now that's
9 been marked as Napier Exhibit 5, did you prepare this
10 document?

11 A Yes, I did.

12 Q Is it a reconstruction of the trips you recall
13 making as an STTGI employee?

14 A Yes.

15 Q And you signed it at my request and put the
16 date on it earlier today?

17 A Yes, I did.

18 Q When did you prepare Napier Exhibit 5?

19 A About three weeks ago.

20 Q At the same time you prepared Exhibit 4?

21 A Yes.

22 Q For the same purpose?

1 A Yes.

2 Q If we could just go through the trips, the
3 first one you have listed on Napier Exhibit 5 is over
4 March 13th to 16th, 1986, and would you describe that
5 trip?

6 A I accompanied Mr. Secord to London to attend a
7 meeting with Mr. Khalid Rasheed.

8 Q And who is Mr. Khalid Rasheed?

9 A He's a Saudi Arabian businessman.

10 Q Had you seen him before?

11 A No, that was the first time I had met him.

12 Q Did he ever call the office?

13 A Yes.

14 Q Frequently?

15 A Not real frequently, no.

16 Q When he called, he asked to speak to Mr.
17 Secord on those occasions?

18 A Yes.

19 Q Did you place calls to him for Mr. Secord?

20 A Yes.

21 Q Would you go back to the meeting then in
22 London and continue?

1 A We got there, I believe on Thursday. He had a
2 meeting with him on Thursday afternoon that I did not
3 attend. We met with him later in the evening. I was to
4 go along and to take notes and to hopefully draw a draft
5 or write up a draft of an agreement that Mr. Secord
6 wanted with Mr. Rasheed.

7 Q And what happened?

8 A Well, they never came to any firm agreement on
9 writing this agreement. It was like a consultancy
10 agreement.

11 Q Do you recall any more specifics about the
12 agreement?

13 A It was something to the effect that, if you
14 wanted to do business in Saudi Arabia government
15 contracts, that you needed a Saudi citizen that had a
16 degree in whatever field you were trying to get into,
17 whether it was electronics, aerospace.

18 Khalid Rasheed has a degree in aerospace
19 engineering, and so the plan was that he would know
20 what's trying to come into the country and we could have
21 a consultancy group that could supply -- if they wanted
22 to build airplanes, we could have engineers who could

1 tell them how many airplanes and how to build them.

2 Q Mr. Secord and Mr. Rasheed met together
3 privately during the London trip?

4 A Yes, they did.

5 Q Did you attend those meetings?

6 A No, I did not.

7 Q Did Mr. Secord tell you what was discussed at
8 those meetings?

9 A No, he did not.

10 Q Did anyone else tell you?

11 A No, they did not.

12 Q Did Mr. Secord meet with anyone else during
13 this March '86 London trip?

14 A Yes, he met privately with David Walker.

15 Q Did you know who David Walker was?

16 A No.

17 Q Do you know who he is now?

18 A I have seen him and he has been to our
19 office.

20 Q Since the London trip?

21 A Yes.

22 Q Who do you understand him to be?

1 A Mr. Second had told us that he was the British
2 [REDACTED] a resident SAS
3 officer.

4 Q Did Mr. Second ever tell you what business he
5 had with David Walker?

6 A No.

7 Q Anyone else tell you that?

8 A No.

9 Q How many times has he been to STTGI?

10 A I believe he's been there two times.

11 [REDACTED]

12 A Yes.

13 Q What's the next occasion that you recall
14 making a trip for Mr. Second?

15 A I went to Miami with Mr. Second in April of
16 '66.

17 Q That's the second trip listed on Exhibit 5?

18 A The 29th and 30th.

19 Q What was that trip all about?

20 A We met with a representative of the Jamaican
21 government concerning radio equipment that they wanted
22 to buy. Mr. Dinstead was there, Mr. Second, myself, and

1 this man from the Jamaican government. Mr. Secord, I
2 asked him if he wanted me to take notes and he said, no,
3 just listen carefully, then write it up after I left the
4 meeting.

5 He also said at some point two gentlemen from
6 Motorola would be joining the meeting. So I was there
7 about 20 or 25 minutes before the two men from Motorola
8 came. And when they came in, Mr. Secord asked me to
9 return to Washington.

10 Q And you flew back?

11 A Yes.

12 Q Did you write up the meeting as you recalled
13 it on the plane?

14 A Yes, I did.

15 Q Typed it up when you got to the office?

16 A Yes.

17 Q Give it to Mr. Secord when he returned?

18 A Yes.

19 Q Have you ever seen it since then?

20 A No.

21 Q Do you know where that writeup is now?

22 A No.

1 Q All right. Do you know if Mr. Olmstead was an
2 attorney?

3 A No. I don't.

4 Q The next trip you have listed on Exhibit 9 was

5 August 1, 1980, from New York City to Rome and

6 Geneva, France, 11-12-80 in 1980.

7 A Correct.

8 Q Was anybody with you on that trip?

9 A No.

10 Q The first trip is September 23 to 24th, 1980.

11 Geneva, correct?

12 A Correct.

13 Q Would you describe that?

14 A Mr. Secord was already there.

15 Q In Geneva?

16 A In Geneva.

17 And he called. One of the purposes of the
18 trip was to meet with ~~the~~ ~~company~~ ~~again~~. They were
19 going to ~~Italy~~ ~~to~~ ~~meet~~ ~~with~~ ~~another~~ ~~company~~, ~~Brinaddi~~,
20 which manufactures trash incinerators.

21 Mr. Rasheed had introduced Mr. Secord to the
22 Brinaddi family. We were trying to get an agreement to

1 become the U.S. rep for these trash incinerators. So
2 Mr. Secord had asked me -- he forgot to take the
3 stationery for the proposal and the STTGI brochures, and
4 he asked me to bring those to him.

5 Q He asked you to come to Geneva just to bring
6 brochures?

7 A Yes.

8 Q Did he ask you to bring anything else?

9 A No, he didn't.

10 Q Stationery?

11 A Just the stationery and brochures.

12 Q And you delivered it to him?

13 A Yes, I did.

14 Q Any other business take place there?

15 A No. By the time I got there, Khalid Rasheed
16 had called him and cancelled the trip. He was having
17 oral surgery. And Mr. Secord left the next day.

18 Q How many times have you met Oliver North?

19 A On three occasions.

20 Q Would you describe the first of those?

21 A The first time was a Saturday in September of
22 '86, around the middle of the month, and there was a

1 meeting at STTGI's office.

2 Q Were you asked specifically to come in on
3 Saturday to help with that meeting?

4 A Yes, I was.

5 Q Who was at the meeting?

6 A Oliver North, Mr. Secord, Mr. Hakim, Sam
7 O'Neill, three Iranians, and that was it.

8 Q Had you seen Mr. O'Neill before?

9 A Yes, I had.

10 Q How many times had he been to your office?

11 A I think he had only been there one time
12 before, maybe two times.

13 Q Had he called in?

14 A If he did, I did not answer the calls.

15 Q Had you placed calls to Sam O'Neill for Mr.
16 Secord or Mr. Hakim?

17 A No.

18 Q Do you know for whom he worked?

19 A No.

20 Q Did he at any point carry a business card
21 saying that he worked for Stanford Technology?

22 A We had, at Mr. Hakim's request, business cards

1 made up for him for Stanford Technology.

2 Q When was that?

3 A I believe that was in early summer of '86.

4 Q Could you describe what Mr. O'Neill looked
5 like?

6 A He was tall, fairly large framed, probably 50
7 to 55, wore glasses. I believe he had a moustache,
8 graying hair.

9 Q Do you know if that was his real name, Sam
10 O'Neill, or whether it was a pseudonym or codename?

11 A I don't know whether it was his real name or
12 not.

13 Q There were three Iranians there?

14 A Yes.

15 Q Did anyone tell you their names?

16 A One's name was Chang Iz, C-h-a-n-g I-z. I
17 don't know if that was his first or last name.

18 MR. LIMAN: Or real name.

19 THE WITNESS: There was another gentleman
20 there whose name was Mr. Dervish, and the third
21 gentleman I was not introduced to.

22 BY MR. BELNICK: (Resuming)

1 Q Were the three Iranians -- how old would you
2 say?
3 A The two, Chang Iz and Mr. Darvish, were 40 to
4 45.
5 Q And the third?
6 A Young, mid-twenties, late twenties.
7 Q How long did the meeting continue among those
8 people on that Saturday?
9 A They came in between 9:00 and 10:00 on
10 Saturday morning, and I left the office at 8:30 and they
11 were still there, 8:30 at night.
12 Q Did you hear any of the discussion?
13 A What I heard was in a foreign language.
14 Q Nothing in English?
15 A No.
16 Q You weren't asked to type anything at that
17 meeting?
18 A I was asked to make a copy of a paper.
19 Q Do you recall what that paper was?
20 A No, I don't. It was just a single sheet.
21 Q Handwritten? Typed?
22 A No, it was more like a form, not like a letter

1 but like a business form of some kind.

2 Q You don't remember what was on it?

3 A No.

4 Q Did you leave before the meeting ended?

5 A Yes, I did.

6 Q What time did you leave?

7 A About 8:30 that night.

8 Q Do you remember when this was?

9 A I think it was about mid-September.

10 Q When was the next occasion you met Oliver
11 North?

12 A It was another Saturday, in probably October.

13 Q 844

14 A '86. Again it was at the office. I was
15 working on a Saturday. I think I was in there doing
16 some personal typing. I know Mr. Secord was there. I
17 was on my way to pick up some lunch, and Ollie North
18 pulled into the parking lot.

19 I asked him if he wanted a sandwich and took
20 the lunch back upstairs, and stayed a few minutes after
21 that.

22 Q Was Mr. North still meeting with Mr. Secord

1 when you left?

2 A Yes.

3 Q Did you hear any of that discussion?

4 A No.

5 Q When was the third occasion that you saw or
6 met Oliver North?

7 A It was in December of '86.

8 Q Before Christmas?

9 A Yes, before Christmas.

10 Q Would you describe what happened on that
11 occasion?

12 A Mr. Secord had a room at the Embassy Suites
13 and called and asked me to bring some papers over from
14 the office. I took them over there, and when I arrived
15 Gille North was there.

16 Q Anyone else?

17 A ^{C. A.} Brendan Sullivan and Tom Green.

18 Q Did you know Tom Green before you saw him in
19 the Embassy Suite?

20 A Yes.

21 Q And who did you know him to be?

22 A Mr. Secord's attorney.

1 Q What papers did Mr. Secord -- let me stop that
2 for a second.

3 The Embassy Suite is a hotel?

4 A Yes.

5 Q Where is it located?

6 A It's in Tysons Corner on 7, Leesburg Pike.

7 Q In Virginia?

8 A In Virginia.

9 Q About how far from STIGI's offices?

10 A Less than a mile.

11 Q What papers did Mr. Secord ask you to bring to
12 his room at the Embassy Suite?

13 A We had a couple of boxes in our storage area
14 that were records, telephone records, telex records,
15 copies of telexes, travel receipts. I think that covers
16 it. Copies of invoices. He asked me to bring those
17 over.

18 Q He asked you to bring those boxes over?

19 A Yes.

20 Q Had those boxes with records been assembled
21 shortly before that day in December?

22 A Part of it. Part of them had been there.

1 Part of them were old records that our accountants were
2 working with for the previous year. So they worked out
3 of those boxes to document travel and expenses, and we
4 had gone through and put some telexes and taken some
5 stuff out of my office, receipts for the current year,
6 and put them in that room, because there was a more
7 secure lock on that door.

8 Q You had done that shortly before this day in
9 December 1986 when you went to the hotel, correct?

10 A Yes.

11 Q About how much before?

12 A The first part of December we did that.

13 Q Was that the same day you participated in
14 shredding documents at SITGI?

15 A That I took them over?

16 Q No, no. That you assembled that box with the
17 documents.

18 A Part of it.

19 Q We'll come back to that in a moment. Let's go
20 to the day that you delivered the documents to the
21 hotel.

22 Mr. Secord asked you to bring the box over.

1 Were there two boxes?

2 A There were two boxes.

3 Q You brought them over?

4 A Yes.

5 Q And saw Mr. Secord, Mr. North, Mr. Green, and
6 Mr. Sullivan in the room, correct?

7 A Yes.

8 Q You were introduced to Mr. Sullivan?

9 A Yes, I was.

10 Q Had you met him before?

11 A No.

12 Q Were you told who he was?

13 A Yes.

14 Q Who were you told that he was?

15 A That he was Billie North's attorney.

16 Q Who told you that?

17 A Whoever introduced us, and I don't remember
18 whether it was Mr. North or Mr. Secord, one of the two.

19 Q You delivered the boxes?

20 A Yes. I took one upstairs with me. Then Mr.
21 Secord asked me to put them in the trunk of his car, so
22 I took it back downstairs. He gave me his keys, I put

1 them in the trunk of his car, then took the keys back
2 upstairs.

3 Q And gave them to Mr. Secord?

4 A To Mr. Secord.

5 Q And left?

6 A And left.

7 Q What kind of car did Mr. Secord have?

8 A It was an '84 Cadillac, dark blue, the long
9 one, Sedan de Ville.

10 Q He still drives that?

11 A Yes, he does.

12 Q Did you ever get those boxes of documents
13 back?

14 A Yes.

15 Q When?

16 A I believe it was March of this year.

17 Q Last month?

18 A Yes.

19 Q Approximately when in March?

20 A I don't remember. I just one morning went in
21 and one of the boxes was there.

22 Q What about the other one?

1 A The other one I was told was brought back
2 before the independent counsel came in and took it back
3 out again.

4 Q When did the independent counsel take the
5 boxes?

6 A It was two weeks ago yesterday, I think. I
7 don't know.

8 Q Were copies -- did you make copies of what the
9 independent counsel took?

10 A No.

11 Q Was that the last occasion that you saw Mr.
12 North, that day in December at the hotel?

13 A Yes.

14 Q Has he called your office since then to your
15 knowledge?

16 A Not to my knowledge.

17 Q Has Mr. Secord or Mr. Hakim or Mr. Dutton
18 asked you to make any calls to Mr. North since then?

19 A No.

20 Q Has he asked you to make any calls to Brendan
21 Sullivan since then?

22 A No.

1 Q Have you taken any calls from Mr. Sullivan at
2 the office?

3 A No.

4 Q Now, there was a day that we started to talk
5 about some moments ago at the office, when you were
6 asked to destroy certain documents; am I right?

7 A Yes.

8 Q When was that?

9 A That was in December, the first part of
10 December.

11 Q Of?

12 A '86.

13 Q Would you describe as best you recall it what
14 happened on that day?

15 A Mr. Secord came in and decided we needed to go
16 through our files. I think he actually went through our
17 subject files and took anything out that he wanted
18 destroyed or put into the storage boxes.

19 I went through the telex files and my files
20 and took all the summary sheets from telephone bills,
21 telex bills, travel, and put those in the boxes. And
22 the telexes, I took out anything that had company names.

1 a person's name, anything that referenced money, or I
2 think I took out things that referenced part numbers,
3 lists of part numbers, gave those to Mr. Secord to go
4 through.

5 Q And then what happened?

6 A Anything he wanted destroyed, he gave back and
7 we shredded them.

8 Q There was a shredder in the office?

9 A Yes.

10 Q Where was that located?

11 A It's in our little kitchen area.

12 Q Who participated in shredding the documents on
13 that day?

14 A I did, Joan Corbin, and Bob Dutton. And I
15 don't believe I ever saw Mr. Secord shred anything. I
16 was not standing there. But again, that was in another
17 room.

18 Q But Mr. Secord was telling you to shred the
19 documents?

20 A Yes.

21 Q Did Mr. Secord tell you, then or any other
22 time after, why he wanted those documents shredded?

1 A No.

2 Q Have you ever discussed the shredding with Mr.
3 Hakim?

4 A No.

5 Q Did Mr. Dutton -- has Mr. Dutton ever said to
6 you why the documents were shredded?

7 A No, he hasn't.

8 Q Did the document shredding take place on more
9 than just that day in December that you've described?

10 A Yes, it did.

11 Q How many days after?

12 A I don't know, maybe a couple of days. It was
13 just, I had sten books that I had kept ever since I
14 worked there, that I made all my notes on. Those were
15 destroyed. I'm not sure they were destroyed on the same
16 day.

17 We destroyed telephone log books, where you
18 have a copy of who called in, phone messages. Those
19 were destroyed.

20 It was just over a period of days. It was not
21 just one day standing there shredding.

22 Q Now, you have mentioned communication devices

1 that were in the office. When did you first see them in
2 your offices?

3 A When I came back to work, I guess, part-time
4 in the fall of '86.

5 Q Did the devices arrive after that or were they
6 already there?

7 A I believe they were there.

8 Q Do you know from where Mr. Secord obtained
9 these devices?

10 A It's part-time in '85, not '86.

11 Q Part-time, '85. Let's go back so the record
12 is clear.

13 You came back to work, you were working
14 part-time in 1985?

15 A Yes.

16 Q Do you recall the communications devices being
17 there during that part-time period?

18 A During the summer of '85 I did not work at
19 all. When I came back in September, I think it was
20 around October I remember the encoding machines.

21 Q October 1985?

22 A Yes.

1 Q Do you know how these machines got to the
2 office, where they came from?

3 A I assume Mr. Secord brought them in.

4 Q Do you know from where he got them?

5 A I understood he got them from the NSC.

6 Q The National Security Council?

7 A Yes.

8 Q On what is that understanding based?

9 A I believe he told me they were from the NSC.

10 Q That's your recollection?

11 A Yes.

12 Q Did Mr. Secord tell you who at the NSC had
13 given him these devices?

14 A I believe he said he had gotten them from
15 Bill North.

16 Q Is that your recollection of what Mr. Secord
17 told you?

18 A Yes.

19 Q Did Mr. Secord tell you for what purpose he
20 obtained these devices from Mr. North?

21 A Well, you could stay in communications and
22 they couldn't be -- like a wiretap on your phone; I

1 don't know whether you could tap into them, but you
2 couldn't understand them because they were in codes.

3 Q How many such machines were there in the
4 office?

5 A At that time there was one.

6 Q And was there a time that there was more than
7 one?

8 A Yes.

9 Q When was that?

10 A Just recently there were five in there, in the
11 office.

12 Q Did that -- how long after the first did the
13 other four --

14 A Well, let's see. When Bob Dutton started in
15 May of '66, he received one. For some reason, it seemed
16 like there was an extra one there that was in the file
17 cabinet. I don't know where that came from.

18 And then by the end of last year there were
19 two more. I don't know where they came from.

20 Q They're multiplying. They not only were
21 called, but they were fruitful.

22 Are there any machines still in the office at

1 STTGI?

2 A Yes, there are some there.

3 Q How many?

4 A There are five. They're not the big encoding
5 machines that we had before. These are very small.

6 Q Baby machines? This is getting serious now.

7 A Yes, they are very tiny ones.

8 Q What happened to the big ones?

9 A Mr. Secord took them out of the office.

10 Q When?

11 A It's been in the past couple of weeks.

12 Q Do you know where he took them to?

13 A No. It was my understanding that -- I don't
14 know whether they were returned. He and Tom Green
15 either returned them to, I don't know if it was the
16 independent counsel or the FBI.

17 Q Were the smaller machines separate machines?

18 A They were never used. I never saw these
19 used. I don't know where they came from. They were
20 just there. I think Bob just told me that they were old
21 machines that they had first used at one time, and I
22 don't know where they came from.

1 Q Did you transcribe messages that were received
2 on the big machines?

3 A Yes, I did.

4 Q Were they shown on a cathode ray tube or
5 terminal?

6 A Yes, there's a little bitty one. There's like
7 a window that will take up to two lines at a time.

8 Q And then you'd type it?

9 A Right.

10 Q Do you remember the name COP?

11 A Yes.

12 Q And did you understand who used that name?

13 A No. I just remember seeing it on one of the
14 messages.

15 Q Okay. You never heard, aside from anything in
16 the newspaper, that COP was a name for Mr. Secord?

17 A No.

18 Q Do you remember the name Mr. Good?

19 A Yes.

20 Q Who was Mr. Good?

21 A Ollie North.

22 Q How did you know that?

1 A Mr. Secord told me.
2 Q And he told you that as of when, do you
3 recall?
4 A I don't recall. Some time over the past
5 year.
6 Q Before November 1986?
7 A Yes.
8 Q Okay. Do you remember the name [REDACTED]
9 A No.
10 Q Steel?
11 A Yes.
12 Q And from where do you remember the name
13 Steel?
14 A Again, from the encoding machines.
15 Q What about Castillo?
16 A Familiar, but I don't know from where, unless
17 it was the machines.
18 Q Gomez?
19 A Yes, the machine.
20 Q And do you know who he was or she was?
21 A I knew he had something to do with Central
22 American operations.

1 Q What about the name Fernandez?
2 A No.
3 Q Rodriguez, Felix Rodriguez?
4 A Yes, I remember his name from the machines.
5 Q Do you know what his involvement with Mr.
6 Secord was?
7 A No.
8 Q Do you know where he was?
9 A I assumed he was in Central America. He came
10 here one time. I remember, I think it was Bob, saying
11 that he was staying at the Westpark Hotel.
12 Q The Westpark where?
13 A Tysons Corner.
14 Q When was that?
15 A Maybe last spring.
16 Q The spring of 1986?
17 A '86, or the summer.
18 Q Did Mr. Secord or Mr. Dutton go to meet with
19 Mr. Rodriguez at the hotel?
20 A I don't know.
21 Q Now, you've mentioned Central America several
22 times, and earlier mentioned something about the

1 operation in Central America. What was your
2 understanding of what your company was doing in Central
3 America, what business they had there?

4 A Well, no one ever explained it to me.

5 Q What did you think?

6 A I was told, when Bob Dutton came to work, that
7 he was to oversee the Central American operation. I
8 just assumed that they were involved in resupplying.

9 Q Resupplying who?

10 A Well, the contras.

11 Q Did anyone ever tell you that?

12 A No.

13 Q On what did you base the assumption?

14 A Well, because some of these messages would
15 come in and they would be asking for certain supplies,
16 [REDACTED], boots, uniforms, netting, parachutes,
17 that kind of thing.

18 Q Did you know the name Adolfo Calero?

19 A Yes.

20 Q How did you know that name?

21 A He's called the office before.

22 Q And has Mr. Secord called him?

- 1 A I believe so.
- 2 Q And did you know that he was a contra leader?
- 3 A Yes, I did.
- 4 Q How about Mr. Arturo Cruz?
- 5 A No.
- 6 Q Adolfo Robelo?
- 7 A No.
- 8 Q ~~Sosa Robe?~~ ^{Sommariba}
- 9 A No.
- 10 Q What did you understand Mr. Dutton's role was
- 11 in terms of overseeing the Central American operation?
- 12 Do you know what his specific job duties were?
- 13 A Just to kind of be a manager and keep things
- 14 running smoothly, and I guess take care of the people
- 15 they were dealing with. That's just my opinion.
- 16 Q Did Mr. Dutton or Mr. Secord keep a diary or
- 17 appointment book?
- 18 A Bob Dutton has always kept very detailed
- 19 notes. I wouldn't call it a diary, but I guess an
- 20 appointment book.
- 21 Q How about Mr. Secord?
- 22 A What we normally do is, if he has a meeting or

1 something we're aware of, we'll write it on his calendar
2 that he keeps on his desk. Personally, I don't -- if he
3 keeps a personal one, I don't know.

4 Q You didn't keep a book for him?

5 A No.

6 Q Or for Mr. Dutton?

7 A No.

8 Q What about Mr. Hakim?

9 A I did not keep one for him.

10 Q Did he have a calendar or a diary of his own
11 that you know of?

12 A Yes, he did. He carried one. I don't know
13 how detailed it was, but he carried one.

14 Q Did Mr. Dutton travel on business?

15 A Yes, he did.

16 Q To where?

17 A I remember two trips to El Salvador.

18 Q When?

19 A I know one was -- I guess they were both over
20 the summer. I think he was there in August or
21 September, and I'm not sure of the other time that he
22 went down there.

- 1 Q Anyplace else?
- 2 A He went to California, he went to San Jose or
- 3 Los Gatos, to where Mr. Hakim lives.
- 4 Q Where in California?
- 5 A Los Gatos.
- 6 Q Anywhere else in California?
- 7 A Oh, he's a consultant for Lockheed. He did a
- 8 couple of trips with them. I think he went to Ontario,
- 9 California, for Lockheed.
- 10 Q Do you know for how long Tom Green has been
- 11 associated with Mr. Secord?
- 12 A Since I have worked for him.
- 13 Q Since you started?
- 14 A Yes.
- 15 Q And did you always know him as Secord's
- 16 lawyer?
- 17 A Yes.
- 18 Q Was there another Green?
- 19 A Not that I know of.
- 20 Q Did you now of a Mr. Tony Greene?
- 21 A Oh, yes. He's called the office on a couple
- 22 of occasions.

1 Q And did you ever call him?
2 A No, I don't believe I have.
3 Q And who did he ask to speak to on those
4 occasions?
5 A Mr. Secord.
6 Q Do you know where he was calling from?
7 A No. He had a British accent.
8 Q Do you know what his business was or what his
9 reason for calling?
10 A Well, at one time I thought he might be
11 associated with David Walker, because I think we
12 received telexes from both of them and it seems like it
13 was the same call letters at the bottom. So that's
14 where I made the association with David Walker.
15 Q Do you know the name Noel Koch, K-o-c-h?
16 A Yes.
17 Q And who do you know him to be?
18 A He was, I think -- I'm not sure what his title
19 was -- was like an Under Secretary of Defense or
20 Assistant Secretary of Defense.
21 Q And how did you come to know his name?
22 A Mr. Secord was a member of the SOPAG, and the

1 meetings were arranged through Noel Koch's office. It's
2 a panel made up of retired generals and admirals that
3 come in and, I guess, give advice on problems.

4 Q What do those initials stand for?

5 A Special Operations Planning Advisory Group.

6 Q And is SOPAG still in existence, to your
7 knowledge?

8 A I think it is, but I don't think Mr. Secord is
9 on the panel any longer.

10 Q When did he cease to be on the panel?

11 A I don't know. I'm not sure if it's a cycle,
12 where you serve a year or two and then they bring in
13 different people. I don't think he's done it in the
14 past year.

15 Q Did he have contact with Mr. Koch during
16 1986?

17 A Yes.

18 Q Did he call him, Koch call Secord?

19 A Back and forth.

20 Q Back and forth.

21 Any letters to or from Mr. Koch that you're
22 aware of?

1 A Not that I'm aware of.

2 Q Now, on the telexes that you either brought to
3 question that day at the Embassy Suite or telexes that
4 you shredded in the days before, do you recall the
5 subject matter of those telexes?

6 A The ones that were -- some of them were back
7 and forth to CSF, and it would be like, again, wanting
8 to know what happened to funds that were supposed to
9 have come in at a certain time, asking them to follow up
10 on it.

11 There were some in connection with Udall, that
12 we wanted to know what had happened to the money, if
13 they were trying to collect it. I know there was one
14 note from David Walker, too.

15 I can't remember all of them.

16 Q Do you recall any mention of weapons,
17 munitions, in any of these telexes or other documents
18 that were shredded or brought to Secord that day?

19 A I'm not sure they ever mentioned weapons
20 specifically.

21 Q Well, let me see. Do you remember any telexes
22 that mentioned Blowpipes?

1 A Blowpipes?

2 Q Do you remember ever seen telexes like that?

3 A No. You know, sometimes, like I said, there
4 were some that had like part numbers. But when you get
5 into a series of part numbers and what it was, I didn't
6 pay attention.

7 Q Did you ever hear any discussion in the office
8 of money obtained from any foreign governments to assist
9 the contras?

10 A No.

11 Q Be you know whether Mr. Secord had any
12 dealings with the government of Saudi Arabia on that
13 matter?

14 A I don't know.

15 Q You don't know one way or the other?

16 A No.

17 Q How about Taiwan or Korea?

18 A I don't know.

19 Q Brunei, B-r-u-n-e-i?

20 A No.

21 Q Okay. Did you know the name Rob Owen?

22 A No.

1 Q How about Robert Earl?
2 A Yes.
3 Q Who did you know him to be?
4 A That he worked in Ollie North's office at the
5 NSC.
6 Q How did you come to know him?
7 A He would call the office also.
8 Q And ask to speak to whom?
9 A I think most of the time he talked to Bob
10 Dutton.
11 Q Did Mr. Dutton ever ask you to place any calls
12 to Mr. Earl?
13 A No.
14 Q Do you know business Dutton had with Earl?
15 A No.
16 Q Did you ever know what business Secord had
17 with Lieutenant Colonel North?
18 A No.
19 Q Did you ever know what they were working on
20 together?
21 A No, I was never told.
22 Q Weren't you curious?

1 A I thought -- now, this is just what I
2 thought. No one ever told me. I thought they were
3 working on a rescue attempt for the hostages who were
4 being held in Beirut.

5 Q How did you come to that conclusion?

6 A Once in a while -- well, I think on one
7 occasion, Mr. Secord said something to the effect that,
8 something about the hostages being released and
9 everybody would be heroes. And so from that I assumed
10 that's what they were working on.

11 Q Did you ever have reason to think they were
12 working on anything that related to Central America?

13 A Yes.

14 Q What gave you reason to think that?

15 A I guess because of the messages on these
16 encoding machines that went back and forth, because I
17 wasn't aware that they used them for anything to do with
18 Europe. I assumed they were just for that operation
19 down south.

20 Q Did you ever ask Mr. Secord -- you've traveled
21 with him from time to time and saw him -- what business
22 he had that involved a member of the National Security

- 1 Council staff and Central America?
- 2 A No.
- 3 Q Were you curious about it?
- 4 A I was curious, but I also know Mr. Secord well
5 enough that it was something that he was not going to
6 tell me even if I asked.
- 7 Q What about Mr. Dutton?
- 8 A I've never asked him.
- 9 Q Why not?
- 10 A I don't know. I just never have.
- 11 Q Did you have any qualms about taking cash to
12 the Old Executive Office Building for Lieutenant Colonel
13 North?
- 14 A Yes, that concerned me.
- 15 Q Did Mr. Dutton, when he gave you instructions,
16 make it clear that the cash was intended for Lieutenant
17 Colonel North?
- 18 A Yes.
- 19 Q Did he say to you, Ollie's waiting for it,
20 something like that?
- 21 A He did say Ollie was waiting for it.
- 22 Q And it concerned you?

1 A I was concerned carrying the cash.

2 Q Why'd you do it?

3 A Well, because I'd already said I would do it
4 before I knew what I was picking up. And then I
5 thought, well, I might as well go ahead and do it; I'd
6 already said I would.

7 Q Did you express your concern to Mr. Dutton?

8 A Yes. I was concerned about, what if I went
9 through the little detector thing and they saw, you
10 know, stacks of money in this envelope. And he said
11 they would have it packaged in a way that it wouldn't be
12 a problem.

13 And then he says, you know, you don't have
14 anything to worry about. And I guess I just took him at
15 his word.

16 Q Did you ever ask him at all, or Secord, what
17 the reason was for this cash?

18 A No, I didn't.

19 Q Any understanding of what it was for?

20 A No. I thought it was strange to bring money
21 up and take it to the Executive Office Building. I
22 could understand if they were taking money down, if they

1 were using it for Nicaragua or El Salvador.

2 But no, I was kind of puzzled at that.

3 Q How about Mr. Nir? Have you ever heard of
4 him?

5 A No, I don't think so.

6 Q Nirredi?

7 A Yes, but I'm not sure if it's not from the
8 press.

9 Q From the press since November?

10 A I don't recall hearing his name in relation to
11 the office.

12 Q Do you remember when the press disclosed the
13 dealings between our government and Iran on the hostages
14 in November 1986?

15 A Yes.

16 Q Did Mr. Secord ever talk to you about that
17 after it was disclosed? Did he make any comments,
18 observations to you, about the brouhaha in the press?

19 A Other than the press didn't know what they
20 were doing and were messing everything up.

21 Q Did he tell you what they were messing up?

22 A No. Oh, he did say something about he thought

1 that they were endangering people's lives.

2 Q Then you recall the Attorney General of the
3 United States had a press conference in November, at
4 which he announced that there was reason to think that
5 moneys that had been involved in the Iran transaction
6 had been diverted to the contras.

7 Do you recall that?

8 A Uh-hmm.

9 Q Did Mr. Secord ever talk to you about that
10 announcement, express any views to you concerning that
11 matter?

12 A No, he did not.

13 Q Did he express any concern about that matter
14 to you? Has he ever discussed it with you at all?

15 A No, he hasn't.

16 Q How about Mr. Dutton, same questions?

17 A No.

18 Q Hakim?

19 A No.

20 Q Did Mr. Secord travel to Geneva in the fall of
21 1980?

22 A He was there in September. Yes, September,

1 when I was there.

2 Q Do you recall if he was there in November?

3 A I don't recall whether he was or not.

4 Q Has he been to Geneva since November 1986 that
5 you know of?

6 A I believe he has traveled to Geneva.

7 Q When?

8 A In the past three or four weeks.

9 Q Do you know if Mr. Hanks was there at the same
10 time?

11 A I believe he was.

12 Q How about Mr. Dutton?

13 A No.

14 Q Did you make those travel arrangements for Mr.
15 Secord three weeks ago?

16 A I don't remember if I did or not.

17 Q What travel agency did you use?

18 A BT Travel.

19 Q In McLean?

20 A Yes, or Tysons Corner.

21 Q And did Mr. Secord sometimes make travel
22 arrangements for himself?

1 A Yes, he did.

2 Q Do you know if he used the same agency?

3 A I don't know if he did or not. I'm assuming
4 he did.

5 Q For how long was Mr. Secord in Geneva three
6 weeks ago?

7 A I think he was there just for a few days.

8 Q Do you know what the purpose of that trip
9 was?

10 A No, I don't.

11 Q Aside from that trip, has he made any other
12 trips to Geneva that you're aware of since the end of
13 November?

14 A Not that I'm aware of, unless I could look
15 back through travel records.

16 Q Shirley, have you told Mr. Secord that you'd
17 be discussing these matters with the independent counsel
18 or with us?

19 A No.

20 Q Has he ever talked to you about what you
21 should or shouldn't say in connection with any of these
22 matters?

1 A Well, the only thing he's ever told me was to
2 tell the truth.

3 Q How about Mr. Dutton?

4 A No.

5 Q Mr. Hakim?

6 A Tell the truth.

7 Q And you are telling the truth today?

8 A Yes.

9 (Pause.)

10 Q Let me mark as the next exhibit the subpoena.

11 (The document referred to
12 was marked Napier Deposition
13 Exhibit No. 6 for
14 Identification.)

15 Q I'll go to this in a moment.

16 Let me ask you about a few more people.

17 Robert Lilac, do you know him?

18 A Yes.

19 Q Who do you know him to be?

20 A He worked as a consultant for us back in, I
21 believe it was, 1964 or 1965, when we were working on the
22 ~~Harvard project in Saudi Arabia.~~

1 Q In Saudi Arabia, was Marwan^{Q15} related to
2 Secord's company in any way?
3 A No.
4 Q Did somebody from that company share space
5 with Secord when you first started working there?
6 A When we first opened, he shared office spaces
7 with us.
8 Q And who was "he"?
9 A His name was Alfred Perry.
10 Q P-e-r-r-y?
11 A Yes.
12 Q Do you know where he is today?
13 A He has an office in Leesburg.
14 Q And for how long did he share space, once you
15 were there?
16 A Until April of '86.
17 Q And then?
18 A And then he moved out and opened an office in
19 Leesburg.
20 Q Under the name Marwan^{Q15}?
21 A Yes.
22 Q What business is Marwan^{Q15} in?

1 A Steel business.

2 Q Do you know Glenn Robinette?

3 A Yes, I do.

4 Q Who do you know him to be?

5 A A security consultant for us.

6 Q For your company?

7 A Stanford Technology.

8 Q Have you seen him?

9 A Yes, I saw him Tuesday, I believe.

10 Q Tuesday of this week?

11 A This week.

12 Q He was in the office?

13 A Yes.

14 Q And who was he meeting with?

15 A He wanted to meet Mr. Secord and Mr. Secord

16 didn't come in that day.

17 Q Did he leave any message for Mr. Secord?

18 A Just to call him later.

19 Q He appeared unannounced?

20 A No, he called and said he was going to come by

21 and use our copier and wait for Mr. Secord to come in.

22 Mr. Secord was expected in around noon.

1 Q How often were you at the office
2 before this recent Tuesday?

3 A Yes.

4 How often were you at the office?

5 A Fairly frequently.

6 Q How frequently?

7 Maybe once a month, maybe every two months.

8 Q Now, I think you told us that he was a
9 security consultant for your company, correct?

10 A Yes.

11 Q Could you be a little more specific about what
12 that meant?

13 A I don't know what it meant. That was the way
14 I was told to write the checks, to make it out to him
15 and the purpose of the check was for security
16 consulting.

17 Q How much were the checks that you drew to
18 him?

19 A They were normally either \$5,000 or \$6,000.

20 Q And how frequently did you draw those checks?

21 A Maybe every couple of months. I think we've
22 only maybe done five or six checks to him.

1 Q Do you know whether Mr. Robinette ever did any
2 work for you that involved Lieutenant Colonel North?

3 A I don't know.

4 Q Do you know if he ever did any work at
5 Lieutenant Colonel North's house?

6 A I don't know.

7 Q Do you know the name Nestor Sanchez?

8 A No.

9 Q Did Mr. Robert McFarlane call the office at
10 any time while you've been employed there?

11 A Not to my knowledge, but I normally don't
12 answer the phone.

13 Q Do you know if Mr. Secord called Mr. McFarlane
14 on any occasions?

15 A I don't know.

16 Q Did he ever discuss Mr. McFarlane with you?

17 A No.

18 Q Indicate whether he had any relationship with
19 him?

20 A No.

21 Q How about Admiral Poindexter? Did he ever
22 call the office, to your knowledge?

1 A Not to my knowledge.

2 Q Did Mr. Secord ever ask you to get him on the
3 phone?

4 A No.

5 Q Ever talk about him?

6 A No.

7 Q Indicate he had any relationship with him?

8 A No.

9 Q Did you know the name Spitz Channel?

10 A No.

11 Q Richard Miller?

12 A No.

13 Q National Endowment for the Preservation of
14 Liberty?

15 A No.

16 Q This is a copy of Napier Exhibit 6, the
17 subpoena that we served on you, Shirley.

18 MR. BELNICK: And I can address this question
19 to counsel, if it's easier, Gerry. Aside from the
20 roidex we've identified and requested we be provided,
21 has Ms. Napier looked through the documents described in
22 the subpoena and brought in today whatever she's found,

1 but for the rolodex?

2 MR. TREANOR: Yes.

3 MR. BELNICK: So I am correct, am I not, that
4 this is the subpoena that was served, a copy of it?

5 MR. TREANOR: It appears to be a copy of what
6 I received.

7 MR. BELNICK: I represent that it's what I
8 believe is --

9 MR. TREANOR: That's good enough for me.

10 MR. BELNICK: Okay.

11 BY MR. BALLENS:

12 Q Let me clarify the record. Is it true you
13 also received a copy of the subpoena from the House?

14 A Yes, I did.

15 Q Do you recall when that was?

16 A I think you have it there. I can get the copy
17 of you want me to.

18 Q Just for the record.

19 MR. BALLENS: You've received the House
20 subpoena as well as the Senate?

21 MR. TREANOR: I believe all of the documents
22 called for in both the House subpoena and Senate

1 subpoenas have been produced today, with the exception of
2 a xerox copy of the rolodex, which I believe is the only
3 personal document in the custody of Ms. Napier at the
4 STTGI office. And we will produce that.

5 MR. BALLENS: Thank you very much.

6 BY MR. BALLENS: (Resuming)

7 Q I'm going to work from the back forward.

8 A Okay.

9 Q You testified a little bit earlier that Mr.
10 Secord was in Geneva three weeks ago; is that correct?

11 A Approximately three weeks ago.

12 Q Also, you believe Mr. Hakim was there, too?

13 A Yes.

14 Q What led you to believe that Mr. Hakim was
15 also in Geneva at the same time as Mr. Secord?

16 A We placed calls to Mr. Hakim and that was the
17 country code, and the hotel was a hotel in Geneva where
18 they stayed before.

19 Q Okay. Who asked you to place the calls?

20 A Mr. Secord would ask me to call Albert.

21 Q In Geneva?

22 A Um-hmm.

1 Q This was when he was still in the United
2 States?

3 A Yes.

4 Q Virginia?

5 A Yes.

6 Q Did you place any phone calls to Mr. Hakim in
7 Geneva at the same time, three weeks ago, that Mr.
8 Secord was in Geneva?

9 A I don't believe so, no.

10 Q I'm a little confused. What led you to
11 believe that Mr. Hakim was in Geneva three weeks ago at
12 the same time Mr. Secord was there?

13 A I guess I was just assuming he was still there
14 when Mr. Secord went, since we had talked to him there
15 before he went on his trip.

16 Q How much before Mr. Secord went on his trip
17 did you talk -- did you place the phone call from Mr.
18 Secord to Mr. Hakim in Geneva?

19 A Probably a matter of a few days.

20 Q So it was shortly before? Would it be fair to
21 say this was shortly before Mr. Secord left for Geneva,
22 you placed a call to Mr. Hakim in Geneva to Mr. Secord?

1 A Yes.

2 Q Now, you mentioned Mr. Glenn Robinette, a
3 security consultant to the company. Did you ever cut a
4 check for \$2,000 for Mr. Robinette?

5 A Mr. Secord cut a check for \$2,000 to Glenn
6 Robinette.

7 Q Would you explain the circumstances of that?

8 A It was a day I was not in the office, and when
9 I went to write out a check I saw in the register that
10 he had written a check to Glenn Robinette in the amount
11 of \$2,000. And the reference was for security
12 consulting.

13 Q Have you read in the press about a gate being
14 constructed at Mr. North's house?

15 A Yes, I did.

16 Q Do you recall whether or not the check that
17 Mr. Secord wrote was around the time of the gate
18 construction?

19 A It was.

20 Q Do you know what time that would be,
21 approximately?

22 A It seems like it was a couple of weeks ago

1 that ~~that happened~~ two or three weeks ago.

2 Q Approximately?

3 A I'm not sure. The check was written on a
4 Thursday. Again, I'd have to go back to my check
5 register. And that was a couple of weeks ago.

6 Q You also testified that, on the messages that
7 came across the communications device, that you typed
8 certain hard copy of those messages?

9 A Yes.

10 Q Would that be correct?

11 A Yes.

12 Q Were any of those -- did you ever see any of
13 those typed copies after you had typed them?

14 A That I had typed?

15 Q Yes.

16 A I believe I saw them in Bob Dutton's office,
17 on his desk or something, when I would take something
18 in.

19 Q Did there ever come a time when the
20 ~~communications device~~ had a printer attached to it?

21 A Yes, we did get a printer.

22 Q And when would that be?

1 A I believe it was last summer, the summer of
2 '86, we got a printer.

3 Q How did that printer work, to the best of your
4 knowledge?

5 A It was attached to the encoding machine and I
6 think you hit a button. When a message came in, after
7 it was finished, you could hit a button for print and it
8 printed out a copy.

9 Q Did you ever see any of those printed copies?

10 A I saw them, never close enough to pick them up
11 and read them.

12 Q And where do you think you saw them?

13 A That was in Bob's office. He had the printer
14 in his office.

15 Q Do you know what happened to either the copies
16 you typed -- do you know what happened to the copies you
17 typed?

18 A I gave them to either Bob or Mr. Secord,
19 whoever had asked me to type it out.

20 Q And how about the copies, the printed copies
21 from the communications device? What happened to
22 those?

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1 A Bob Dutton had them. I don't know whether he
2 kept them or threw them away.

3 Q Among the documents that Mr. Secord asked you
4 to shred in December 1986, did you notice any typed
5 communications documents?

6 A No.

7 Q You don't recall any?

8 A No. Mr. Secord gave me some papers to destroy
9 that he had in his office or in his briefcase. He
10 produced them; I don't know where they came from. I
11 shredded them, but I shredded them face-down.

12 Q So you don't know?

13 A So I have no idea what they were.

14 Q Were they white business -- what did they look
15 like?

16 A They were just like white paper, like that,
17 just a stack probably about like that.

18 Q Could you tell whether the writing went all
19 the way down the page, it was a half a page?

20 A I didn't pay that close attention to them.

21 Q This would be during the time period when Mr.

Secord was in the office of '86, when he had asked you to

1 shred documents, would that be correct?

2 A Yes.

3 Q Would that be -- I'm just trying to fix in
4 your memory how far into December that occurred. Would
5 that have occurred in the first week or the second week
6 or the third week, as best you can recall?

7 A I know it was before the 19th of December, is
8 all that I can recall. I left on Christmas vacation the
9 19th of December, so it was done before that. I really
10 don't remember whether it was the first or second or
11 third week.

12 Q Were the days -- you said it happened on more
13 than one day. Were the days one after another or were
14 they spread out over a long period of time?

15 A I think they were spread out over a period of
16 time.

17 Q Do you have any recollection at all whether a
18 period of time had passed in December before the first
19 date occurred that you were asked to do this?

20 A No.

21 Q Are there files kept of the American Express
22 records?

1 A Yes.

2 Q Are these files kept now currently at STTGI
3 offices?

4 A With the exception that the independent
5 counsel has taken all of them out, they are kept there.

6 Q These are documents as well that the
7 independent counsel has taken out, in addition to the
8 other documents that you described?

9 A Yes, yes.

10 Q Now, you mentioned, if I recall correctly, at
11 one point in time Secord Associates?

12 A Yes.

13 Q What is Secord Associates?

14 A That's another business of Mr. Secord's. I
15 don't know what functions it performs. We pay him his
16 salary as a consultant and the checks are made out to
17 Secord Associates, Incorporated.

18 Q And how much is the salary he gets paid?

19 A \$6,000 a month.

20 Q Is he paid a salary by STTGI?

21 A No, STTGI does not pay him. STTGI pays him the \$6,000 a
month, but the checks are made out to Secord Associates, Incorporated.

1 Associates.

2 Q Does he get another salary directly from

3 STTGI?

4 A No.

5 Q As president of that corporation?

6 A No.

7 Q Is Secord Associates an incorporated company
8 as far as you know?

9 A I assume it is, if it's Secord Associates,
10 Incorporated.

11 Q And do you perform any secretarial duties or
12 other duties for Secord Associates, Incorporated?

13 A No.

14 Q Does anyone to your knowledge?

15 A No, not in our office.

16 Q Do you know of any business that this company
17 conducts?

18 A No.

19 Q Do you know where the Secord Associates bank
20 accounts are located, what bank?

21 A No, I don't.

22 Q How about the STTGI bank accounts?

1 A At First American Bank of Virginia.

2 Q And which branch is it?

3 A Vienna.

4 Q Now, on the days involving the shredding of
5 the documents, just so I understand your testimony
6 correctly, Mr. Secord went through some of the actual
7 files and pulled documents that he then wanted you to
8 shred?

9 A Yes.

10 Q In fact, he instructed you to shred them, is
11 that correct?

12 A Yes.

13 (Pause.)

14 Q Now, do you know the name Erich von Marbod?

15 A I've heard it in the press.

16 Q Did you ever know whether he called the office
17 or not?

18 A Not that I ever took a call from him.

19 Q How about Edwin Wilson?

20 A No.

21 Q ~~Let me ask about Theodore Secord, is that right?~~ Did you
22 ever take any calls from him?

- 1 A I believe so.
- 2 Q Has he ever visited the office?
- 3 A Not to my knowledge.
- 4 Q Did you make any travel arrangements for Mr.
- 5 Secord and yourself with BT Travel?
- 6 A Yes, I did.
- 7 Q Did he ever use any other company that you
- 8 know of?
- 9 A Not that I know of.
- 10 Q Did you destroy during December any rolodex
- 11 cards?
- 12 A Yes, I did.
- 13 Q Do you recall any of the rolodex cards that
- 14 you destroyed?
- 15 A David Walker's card, Rafael Quintero, and I
- 16 believe Ollie North's card.
- 17 Q Who asked you to destroy those cards?
- 18 A Mr. Secord asked me to destroy David Walker's
- 19 card, and I destroyed Ollie North's and Rafael
- 20 Quintero's because their numbers were not good any
- 21 more.
- 22 Q Did Mr. Secord asked you to destroy any other

1 cards?

2 A I don't recall. I don't think so. Those are
3 the three I recall destroying.

4 MR. BALLEW: I have no further questions.

5 (Discussion off the record.)

6 BY MR. HOLMES:

7 Q Ms. Napier, were you ever employed as a
8 consultant for American National Management?

9 A No.

10 Q You never consulted for them?

11 A No.

12 Q Did you ever receive any money from that
13 corporation?

14 A Yes.

15 Q What were the circumstances of your receiving
16 that money?

17 A When I first started working for Stanford
18 Technology, Stanford Technology was sub-leasing office
19 space from American National. And they paid my salary
20 and then billed Stanford Technology for my salary plus
21 office space.

22 Q Did you actually perform work for American

1 National or did you do all the work for Stanford?

2 A I worked for Stanford Technology.

3 Q You never worked under the direction of a Mr.

4 Gadd?

5 A No, I did not.

6 Q Referring to your trip to Miami on August the
7 26th, 1986, prior to your trip you watched Mr. Dutton
8 make a phone call; is that correct?

9 A I didn't watch him. He said he was going to
10 make a phone call.

11 Q Who did he call?

12 A I believe he called Dillie North.

13 Q Did he tell you he was going to call Dillie
14 North?

15 A He didn't tell me he was going to call Dillie.
16 But later in conversation it was that he had checked
17 with Dillie to see if it was okay if I picked up the
18 money.

19 Q As I recall your testimony, there was another
20 phone call prior?

21 A He was going to call -- the other was to
22 Southern Air Transport to set up who I would meet and

1 where.

2 Q I assume he talked to Mr. Langdon there?

3 A I'm not sure who he talked to. The man that I
4 met called me later that afternoon and arranged the
5 meeting.

6 Q And he told you how to recognize him?

7 A Yes.

8 Q Is that how you knew what an SAT ID badge
9 looked like when you arrived there?

10 A Yes.

11 Q Had you ever seen one before?

12 A No, I had not.

13 Q What did it look like?

14 A It was a very large badge, and it had their
15 picture and it had "SAT" across the top.

16 Q Did the picture match the face that you were
17 looking at?

18 A Yes, it did.

19 Q You picked up the package from this man in the
20 airport in Miami and opened it in the women's room, is
21 that right?

22 A He opened it in the lounge and showed me the

1 money.

2 Q And then you reopened it in the women's room?

3 A Yes.

4 Q It was then packaged in a Federal Express
5 envelope, is that right?

6 A Yes.

7 Q Did you repackage it for delivery to the White
8 House?

9 A No, I did not.

10 Q You delivered it in the same envelope in which
11 you got it?

12 A Yes.

13 Q And that was a Federal Express envelope?

14 A Correct.

15 Q It was all in bills of the size of \$20 or
16 smaller, is that right?

17 A Yes.

18 Q How thick was the stack of bills?

19 A Probably about like that (indicating).

20 Q That's about an inch or an inch and a half?

21 A Yes.

22 Q Were the bills new or old?

1 A Qid.

2 Q Now, you had occasion to discuss the movement
3 of money in cash to Latin America before, hadn't you?

4 A No.

5 Q That had never come up in conversations with
6 anybody of the people at STTGI?

7 A No.

8 Q Did you know how they were paying for the fuel
9 for the airplanes in Latin America?

10 A No, I didn't.

11 Q Was there any message traffic in relation to
12 the movement of cash that you were aware of?

13 A Are you talking about on the machines,
14 messages?

15 Q Yes.

16 A Yes. They would ask for funds, they would --
17 I think they would send a message as to what their
18 expenses were at different times, housing, telephone,
19 and I believe salaries for the men that were down
20 there.

21 Q Did it appear to you that Mr. Cooper was
22 primarily in charge of that?

1 A Yes, by what Bob Dutton said about him, I
2 believe he was in charge of it.

3 Q Do you know whether Mr. Dutton had spoken with
4 Mr. Cooper before the August 26th movement of the cash?

5 A I don't believe he did. When I said that I
6 would go down, I don't know whether he talked to him or
7 not. I don't think so.

8 Q Isn't it true that Mr. Cooper was in the
9 District of Columbia about a week before that?

10 A That I don't know.

11 Q You don't recall?

12 A No.

13 MR. TREANOR: I'm not sure she said that she
14 doesn't remember.

15 MR. HOLMES: I understand.

16 MR. TREANOR: I understood that her answer was
17 that she didn't know.

18 THE WITNESS: I don't know.

19 MR. HOLMES: I understand.

20 BY MR. HOLMES: (Resuming)

21 Q You said that you spoke to your husband about
22 the movement of cash. When did you first speak to him

1 about it?

2 A When I talked to my lawyer, and he had been
3 talking to the independent counsel and they were talking
4 about possibly prosecuting me in connection with this
5 money. And I thought that I should make my husband
6 aware of what had happened.

7 Q You hadn't mentioned it to him at any time
8 prior to that?

9 A No.

10 Q And you hadn't mentioned it to anybody else,
11 is that true?

12 A No.

13 Q Did you have any other cash transactions
14 besides the ones you've talked about?

15 A No, other than the \$16,000 and the \$15,000,
16 no.

17 Q You said that you bought business cards.
18 Where did you buy them?

19 A I believe it was from Minuteman Printers.

20 Q Is that in Vienna?

21 A No, it was over on Courthouse Road. It
22 probably is a Vienna address. I believe it was

1 Minuteman.

2 Q Is that the only place that STTGI bought such
3 things?

4 A Yes, that's where we have had printing done.

5 Q Did they also do your stationery?

6 A No, our stationery was done in California.

7 Q Where?

8 A I don't know. I would have to go back through
9 the bills to find out. Mr. Hakim made the arrangements
10 for STTGI stationery.

11 Q Now, Ms. Napier, we have had a discussion
12 about some subpoenas that you've already complied with.
13 Are you aware that the Senate has served a subpoena on
14 the corporation itself recently?

15 A No.

16 Q You should be aware that a subpoena is in
17 effect right now on the corporation itself for virtually
18 all the corporate records. You understand that if the
19 corporate records are not produced pursuant to that
20 subpoena by the corporation that would be contempt.

21 MR. TREANOR: Why are you giving these
22 instructions to her?

1 THE WITNESS: On my part?

2 MR. BELNICK: Excuse me, excuse me. Kip, are
3 we finished with the questions now? I think we've
4 covered the area.

5 MR. HOLMES: That's all.

6 MR. BENICK: Okay, thank you.

7 MR. BELNICK: Let me just mark one or two
8 other documents, Shirley, that you brought with you.

9 THE WITNESS: Well, can I have something
10 clarified here? Am I being held in contempt if the
11 company doesn't--

12 MR. BELNICK: No. Let me clarify that for the
13 record. You are not being held in contempt. The
14 comment was not meant to threaten you with contempt or
15 to suggest anything of the kind. I believe you should
16 take it just as a comment that, by way of information,
17 the Senate has served a subpoena on the corporation.

18 You are not the corporation.

19 THE WITNESS: Okay.

20 MR. BELNICK: You have been very cooperative
21 here today, and there was no implication to the contrary
22 in that question, certainly none intended by the Senate

1 Committee.

2 Okay, so please relax. Don't take anything
3 from it, okay. All right.

4 Would you mark this as the next exhibit.

5 (The document referred to
6 was marked Napier Deposition
7 Exhibit No. 7 for
8 identification.)

9 BY MR. BELNICK: (Resuming)

10 Q Shirley, this is Napier Exhibit 7. Is this a
11 record you brought with you today of your travel on
12 April 29 and April 30, 1986?

13 A Yes, it is.

14 Q Okay. And you produced that this morning?

15 A Yes, I did.

16 MR. BELNICK: Would you mark this next
17 document as Napier Exhibit 8.

18 (The document referred to
19 was marked Napier Deposition
20 Exhibit No. 8 for
21 identification.)

22 BY MR. BELNICK: (Resuming)

1 Q Now, is Napier Exhibit 8 a copy of a travel
2 record you brought with you this morning of your travel
3 on September 23, 1986, to Geneva?

4 A Yes, it is.

5 Q Shirley, the last question I wanted to ask
6 you, and you may have answered it before. If you did,
7 forgive me for repeating. But in connection with the
8 transaction in August 1986 when you delivered the cash
9 to the DEOB, you told us that some time thereafter you
10 discussed that transaction with Mr. Secord, right?

11 A Yes.

12 Q And I believe you told us that he expressed
13 concern that you were involved in this or became
14 involved in that, correct?

15 A Yes.

16 Q Can you recall, was he any more specific
17 about, in his words, as to what he was referring to when
18 he said, I'm sorry you've been involved, become involved
19 in "this"? Do you remember specifically, more
20 specifically, what he said?

21 A I think the concern he expressed on the part
22 of Colonel North was that maybe for security reasons he

1 was a little reluctant to have someone else know about
2 it. Mr. Secord's concern was just for my personally
3 being involved in it.

4 Q And involved in what?

5 A I don't know, other than picking up this
6 cash. He never expressed why, what the whole scope of
7 the thing was that I would be -- that he would be
8 concerned about my being involved.

9 MR. BELNICK: Ken, do you have any more
10 questions?

11 MR. BALLEZ: Just one further matter for
12 clarification. I think you understand that here today
13 we're in executive session. Nothing that has been taken
14 down in this deposition is going to be repeated to
15 anyone outside of this room other than perhaps, in the
16 case of the House, to the chief counsel for the House or
17 the Chairman of the Committee or the ranking Republican
18 member.

19 In addition, we would request that you not
20 repeat the contents of this.

21 THE WITNESS: Certainly.

22 MR. TREANOR: Well, now wait a minute. I will

1 advise her as to what she can or can't do.

2 MR. BALLENS: She can do it.

3 MR. TREANOR: I understand your request and
4 we'll consider your request, along with any other
5 factors that relate to our communicating what we've
6 heard today.

7 MR. BELNICK: Speaking for the Senate
8 Committee, we'll only be discussing your testimony with
9 those on the staff of our Committee that need to know.
10 Beyond that, what you should or should not do with your
11 testimony, you should be guided, in our view, solely by
12 your counsel.

13 I want to thank you for appearing here today
14 and for giving us testimony.

15 Is there anything that you want to add?

16 THE WITNESS: I can't think of anything I've
17 left out today.

18 MR. BELNICK: Mr. Treanor, did you want to ask
19 any questions?

20
21
22

1 MR. TREADOR: I have no questions, thank you.
 2 MR. BELNICK: Thank you for your cooperation.
 3 THE WITNESS: You're welcome.

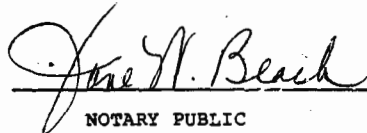
4 (Whereupon, at 3:45 p.m., the taking of the
 5 instant deposition ceased.)
 6

7 -----
 8 Signature of the witness
 9 SIGNED AND SWORN TO before me this -----
 10 day of -----, 198-----
 11

12 -----
 13 Notary Public
 14 My Commission expires:
 15
 16
 17
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 21
 22

CERTIFICATE OF REPORTER

I, JANE W. BEACH, the officer
 before whom the foregoing deposition was taken, do hereby certify
 that the witness whose testimony appears in the foregoing deposition
 was duly sworn by ME; that the testimony of
 said witness was taken by me to the best of my ability and thereafter
 reduced to typewriting under my direction; that said deposition is a
 true record of the testimony given by said witness; that I am neither
 counsel for, related to, nor employed by any of the parties to the
 action in which this deposition was taken, and further that I am not
 a relative or employee of any attorney or counsel employed by the
 parties thereto, nor financially or otherwise interested in the
 outcome of the action.


 NOTARY PUBLIC

My commission expires 11-14-91.

BLTRAVEL

NAPIER/SHIRLEY A

8206 LEESBURG PIKE/SUITE 202/VIENNA, VA 22180

STANFORD TECHNOLOGY TRADING GRP INT
 ATTN:MS SHIRLEY NAPIER
 8615 WESTWOOD CENTER DR
 VIENNA VA 22180

DATE
AUG 25 1986INVOICE
9690

ACCOUNT: 300

AGENT
57

DEPARTURE CITY	ARRIVAL CITY	AIRLINE	FLIGHT NO.	DATE	DEPART	ARRIVE	STATUS
26 AUG 86 - TUESDAY							
PRESIDENTIAL 831 COACH CLASS							
LV: WASH/DULLES 925A							
AR: MIAMI 1155A							
AIRPORT BOARDING PASSES ONLY							
CONFIRMED							
24 HR EMRGNCY NMR 800-645-9860/NY STATE 800-732-9639							
***THANKYOU FOR BOOKING BT TRAVEL.							
CHANGES COULD RESULT IN HIGHER FARE							
COMPARED TO THE FULL FARE THIS REPRESENTS A SAVINGS OF \$ 301.00							
TICKET NUMBER/S:							
NAPIER/SHIRLEY A 7652493566 CARD 99.00							
AIR TRANSPORTATION 91.67 TAX 7.33 TTL 99.00							
SUB TOTAL 99.00							
CREDIT CARD PAYMENT 99.00							
AMOUNT DUE .00							

703-790-0460

OVER ITINERARY

BT TRAVEL

NAPIER/SHIRLEY A

8206 LEESBURG PIKE/SUITE 202/VIENNA, VA 22180

STANFORD TECHNOLOGY TRADING GRP INT
 ATTN:MS SHIRLEY NAPIER
 8615 WESTWOOD CENTER DR
 VIENNA VA 22180

DATE	INVOICE	ACCOUNT:	AGENT
AUG 25 1986	9691	300	57

DEPARTURE CITY	ARRIVAL CITY	AIRLINE	FLIGHT NO.	DATE	DEPART	ARRIVE	STATUS
26 AUG 86 - TUESDAY							
UNITED 888 SPCL CLASS							
LV: MIAMI 129P							
AR: WASH/DULLES 354P							
SEAT- 4C							
CONFIRMED							
24 HR EMERGENCY NMR 800-645-9860/NY STATE 800-732-9639							
***THANKYOU FOR BOOKING BT TRAVEL.							
CHANGES COULD RESULT IN HIGHER FARE							
COMPARED TO THE FULL FARE THIS REPRESENTS A SAVINGS OF \$ 300.00							
TICKET NUMBER/S:							
NAPIER/SHIRLEY A 7652493567 CARD 100.00							
AIR TRANSPORTATION 92.60 TAX 7.40 TTL 100.00							
SUB TOTAL 100.00							
CREDIT CARD PAYMENT 100.00							
AMOUNT DUE .00							

703-790-0460

CUSTOMER ITINERARY

CC13 First American Money Market Investment Account
 USAFIO Va L.C. # 421-62-6919 102
 ALBERT HAKIM 12-85
 PH. 703-368-4801
 Mar. 26, 1986 ~~8-24-86~~
 PAY TO THE ORDER OF Cash \$ 8,000.00
 Eight thousand ~~MAR 27 1986~~ DOLLARS
1st AMERICAN 9-2
 FIRST AMERICAN BANK OF VIRGINIA
 NILESAN, VIRGINIA 22102
 MEMO
 @05600424 @: 65049608# 0000#000000#

cc13 dk sig ad ... 5-4 24.2160-786-49.951
 ALBERT HAKIM 12-85 101
 PH. 703-368-4801
 Mar. 26, 1986 ~~8-24-86~~
 PAY TO THE ORDER OF Cash \$ 7,000.00
 Seven thousand ~~MAR 27 1986~~ DOLLARS
1st AMERICAN 77-3
 FIRST AMERICAN BANK OF VIRGINIA
 NILESAN, VIRGINIA 22102
 MEMO
 @05600424 @: 65049608# 0000#000000#

Cash Transactions:

\$15,000.00
3/26/86

Cashed two checks (#101 \$7,000.00/#102 \$8,000.00) for Albert Hakim from his personal account at First American Bank.

He was waiting for a \$15,000.00 wire transfer to his personal account when it came (he had me call the bank and check to see if it had been credited to his account so he could write checks on it) he had me type the checks he signed them and then he asked me to cash them at separate banks. I cashed one at the Vienna branch and the other at the Tysons Corner branch. I expressed some concern to Mr. Hakim about cashing them and he said I didn't have anything to worry about unless they were over \$10,000.00. I cashed them and gave Albert Hakim the money. He left that night or the next morning on a trip. I don't remember where he was going--Geneva or maybe London. Tom Clines and Rafael Quintero were in the office the day I cashed the checks. I don't remember where the wire transfer came from - I assume Switzerland.

\$16,000.00
8/26/86

8/25/86 Bob Dutton was trying to get in touch with Bill Cooper (BC was coming to DC) to have him go to Miami and pick up documents. Bob was leaving on a trip that night and was having a problem getting in touch with Cooper. RVS was traveling and I had very little to do so I said I would go to Miami and pick up the documents. Bob said he would have to make a call. He did and came back and said it was okay if I went. He got on the phone again to arrange the pick up and I made my reservations. At this point he told me I would be picking up \$16,000.00 from an SAT representative possibly Bill Langton but they would call and coordinate with me. Later in the day the man from SAT called and told me how to recognize him and arranged where we would meet. I don't remember his name but I believe he is the comptroller for SAT, he hadn't been with them for very long. On the 26th I flew to Miami, met the man - we went into a lounge, he gave me a Federal Express envelope, he opened it and showed me the money. The lounge was very crowded and I didn't want to take the money out and count it. He vouched for the amount and I signed a receipt. We were in the lounge maybe 20-25 minutes. We left the lounge and I went into the ladies room and counted the money - \$16,000.00 in small bills - I don't remember if there was anything higher than a \$20 bill. I came back to Dulles and took the money to the Old Executive Office Bldg. I called Fawm Hall and told her I was downstairs and had an envelope Ollie was waiting for. She came down, took the envelope, we exchanged a few words and I left.

Shirley A. Nye
4/10/87

Travel:

March 13-16, 1986: London

Accompanied Mr. Secord to attend a meeting with Mr. Rasheed concerning a consulting agreement between the two. I was there to take notes and draft the agreement. No definite agreement was agreed upon, I never wrote up anything. Mr. Secord and Mr. Rasheed met together privately. I don't know what they discussed at these meetings.

Mr. Secord also met privately with David Walker.

April 19-23, 1986: London

Accompanied Mr. Secord to the London airport. Present at this meeting was Mr. Secord, Mr. Mastead and myself. Mr. Secord asked me to listen carefully but not take notes and write it up after the meeting. I was in this meeting for approximately 20-25 minutes. Two men arrived (earlier I was told they would be coming that they were with Motorola) and Mr. Secord asked me to leave and return to Washington.

August 26, 1986: Miami

Met with a man from Southern Air Transport and he gave me \$16,000.00 in cash. I was in the Miami Airport about an hour, return to Dulles, drove to the Old Executive Office Bldg. and gave the money to Fawn Hall.

Sept 23-26, 1986:

Geneva

Met Mr. Secord to deliver STGI stationery and brochures he forgot to take with him.

Shirley A. Napier

4/10/87



114

UNITED STATES OF AMERICA

Congress of the United States

To Shirley Napier
3340 Mansfield Rd.
Falls Church, VA

, *Greeting:*

Pursuant to lawful authority, YOU ARE HEREBY COMMANDED to
appear before the SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

[of the

Senate of the United States, on March 30, *19* 87,
at 9:30 *o'clock* a. m., *at their committee room* Hart Senate
Office Building, 9th Floor, *then and there*
to testify what you may know relative to the subject matters under con-
sideration by said committee.

Pursuant to Committee Rule 6, this subpoena directs appearance
at the deposition whose notice accompanies it. You must bring
with you the materials listed in Attachment A.

Merest fail me, as you will answer your default under the pains and pen-
alties in such cases made and provided.

To any Select Committee staff member or U.S. Marshal
to serve and return.

Given under my hand, by order of the committee, this
25 *day of* March, *in the year of our*

Lord one thousand nine hundred and eighty-seven

Warren B. Rudman
 Vice Chairman
 Warren Rudman

UNITED STATES OF AMERICA
Congress of the United States

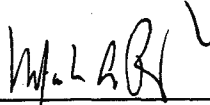
Notice of
Senate Deposition

To Shirley Napier

Greeting:

Please take notice that at 9:30 o'clock a.m., on March 30,
 19 87 at Hart Senate Office Building, 9th Floor
 of the staff of the Select Committee on Secret Military Assistance to Iran and the Nicaraguan
 Opposition of the Senate of the United States, will take your deposition on oral examination
 concerning what you may know relative to the subject matters under consideration by said
 Select Committee. The deposition will be taken before a notary public, or before some other
 officer authorized by local law to administer oaths; it will be taken pursuant to the Select
 Committee's rules, a copy of which are attached.

Given under my hand, by authority vested in me by
 the Select Committee on Secret Military
 Assistance to Iran and the Nicaraguan
 Opposition on March 25, 1987



ATTACHMENT A

Shirley Napier

The respondent shall produce:

1. With regard to any activity undertaken by any corporation or partnership or association in which you have been an officer, director, partner or employee, all materials relating to:

a. the payment of and service provided of any employee or provider of any personal service, including consultants, advisors, accountants, bookkeepers, shippers, warehousemen, travel agents, freight forwarders, attorneys, and tax preparers, including any list of such persons' names, addresses or phone numbers.

b. the provision of any communication services, including but not limited to telephone, long distance phone, mobile phone, pager, telex, or expedited mail services.

c. the incorporation, designation of officers or directors, stock issuance, stock transfers, capitalization, financing, or corporate acts of any corporation, its parent, affiliated corporation or subsidiaries, if any, foreign or domestic including any and all corporate resolutions.

d. tax records of any kind including income tax returns and supporting documents, filed with any department or agency of the United States, any State, or a foreign government.

e. accounting records showing the profitability, net worth, assets or liabilities.

f. the provision of any financial services, including but not limited to banking, pension, investment, lending, brokering, financing, bookkeeping, accounting or financial advising services, wherever located.

g. the receipt, transfer or transportation of currency or any cash equivalent of a value of more than \$1,000.

h. any contract, agreement, or consultant arrangement involving, or any compensation from, any department division or agency of the United States, any State or political subdivision thereof, or any foreign government or subdivision thereof, whether executed or not, including those in which involvement was limited to consulting, advising, or discussing such event.

Page Two

i. or consisting of appointment books, phone or other communication messages, phone number compilations or lists, diaries, calendars or contemporaneous records of daily activity such as time billings.

j. the acquisition by any person, transfer or transportation, whether by purchase, sale, lease, consignment or shipment, of:

1. any weapon or ammunition of any kind
2. any supply suitable for use in combat
3. any air, sea or ground transportation vehicle or vessel

including but not limited to materials relating to the sources and disposition of all financing and payments for such items.

k. travel within, to or from Iran, Israel, Switzerland, Panama, Bermuda, Liberia, Lichtenstein, Hong Kong, the Cayman Islands, Portugal, Denmark, Saudi Arabia, El Salvador, Costa Rica, Nicaragua, Honduras or Guatemala, by any officer, director, agent, employee, or provider or any personal services, including but not limited to consultants, advisors, or contractors.

l. any communication with any person or entity in any of the countries in (k) above, whether in writing, telecommunication, radio or otherwise, by any officer, director, agent, employee or provider of any personal service.

m. the purchase, sale, provision, transfer or transportation of any goods or services within, to or by any person or entity in any of the countries in (k) above.

2. With regard to any activity undertaken personally or as a consultant, independent contractor or in any other capacity, all materials required in (1) above.

3. All materials relating to any of the individuals or entities in Appendix A hereto.

4. All materials relating to any American citizen held hostage.

5. All materials relating to forces opposing the government of Nicaragua, including financial, military or other assistance to such forces, whether in Nicaragua or elsewhere.

The term "materials" in this subpoena includes any book, check, cancelled check, correspondence, communication, document, financial record, recording tape, or any other item which you own or in

Page Three

any way have in your custody or under your control or that of any agent of yours, dated, created on, or relating to any date since January 1, 1982.

For any questions regarding this subpoena, contact Mark Belnick at (202) 224-9960.

APPENDIX A

1. Any of the following persons:

Bermudez, Enrique	Lilac, Robert
Calero, Adolfo	McMahon, Steve
Calero, Mario	McFarlane, Robert
Cameron, Bruce	F. Andy Messing, Jr.
Conrad, Daniel L.	James, Oscar
Chamorro, Pedro	Nimrodi, Yaacov
Cooper, William J.	Nir, Amiram
Clines, Thomas	North, Oliver L.
Cruz, Arturo	Poindexter, John
Cruz, Arturo, Jr.	Quintero, Rafael
de la Cruz, Juan	Robelo, Alfonso
Dutton, Robert	Robelo, Adolfo
Fischer, David	Robelo, Adolfo aka Max Gomez
Furmark, Roy	Robelo, Adolfo
Gadd, Richard	Robelo, Adolfo
Garnel, Jose	Robelo, Adolfo
Ghorbanifar, Manucher	Schwimmer, Adolph (Al)
Gomez, Francis	Secord, Richard V.
Hakim, Albert	Shackley, Theodore
Hashemi, Cyrus	Shackley, John
Hull, John	Shackley, John
Kashoggi, Adnan	Sommeriba, Leonardo
Kimche, David	Wilson, Edwin
Ledeem, Michael	von Marbod, Erich.
Lilac, Robert	Zucker, Willard I.

2. Any person employed by, acting as an agent for, or representing:

U. S. Air Force
Military Airlift Command
Central Intelligence Agency
National Security Council
President's Intelligence Oversight Board
Federal Aviation Administration
Geneva Commercial Registry
Military Reutilization and Material Supply Department,
Portugal
National Armaments Directorate, Portugal
Nugen-Hand Bank, Australia
Overseas Defense Corp.
Department of Defense
Lloyd's of London
any agency, division, or department of the United States
government with responsibility for foreign relations,
for intelligence activities, or for manufacturing,
storing, shipping, selling, transferring, monitoring,
or accounting for any arms, munitions, or military
personnel
any agency, division, or department of the government of,

- 2 -

any instrumentality of, or any national of, or person located in Iran, Israel, Switzerland, Panama, Bermuda, Liberia, Lichtenstein, the Cayman Islands, Portugal, Denmark, Saudi Arabia, El Salvador, Costa Rica, Nicaragua, Honduras, or Guatemala

3. Any of the following entities, or any entity whose name is as listed, but followed by Inc., Corp., Corporation, Ltd., Co., Company, or SA., doing business in any location whatever:

ACE
 Airmach, Inc.
 Albon Values
 Alpha Serivces, S.A.
 Amalgamated Commercial Enterprises, Inc.
 American Marketing and Consulting, Inc.
 American National Management Corporation
 Baggett Transportation Company
 CSF
 CSF Investments Ltd.
 CSFR Inv. Ltd.
 Chester Co.
 Compagnie de Services Fiduciares SA
 Corporate Air Services, Inc.
 Dataguard International
 Defex - Portugal
 Dolmy Business, Inc.
 EAST Inc.
 EATSCO
 Eagle Aviation Services and Transportation
 Egyptian American Transport Services, Inc.
 Energy Resources International
 Fifteenth of September League
 Gulf Marketing Consultants
 Hyde Park Holdings
 Hyde Park Square Corporation
 I. B. C.
 IDEA
 Intercontinental Technology
 International Research and Trade
 Kisan
 Lake Resources Corp.
 Lake Resources, Inc.
 Lilac Associates
 Maule Air, Inc.
 Missurasata
 NRAF Inc.
 National Defense Council Foundation
 National Liberation Army
 N. S. I.
 Nicaraguan Democratic Force (FDN)
 Nicaraguan Democratic Union
 Nicaraguan Development Council

- 3 -

Nicaraguan Freedom Fund, Inc.
Nicaraguan Revolutionary Armed Forces (FARM)
Project Democracy
Queen Shipping
R. M. Equipment Co.
Revolutionary Democratic Alliance (ARDE)
S & S Trading Corp.
SOME Aviation
Secord Associates
Southern Air Transport, Inc.
Southern Bloc Opposition (BOS)
Stanford Technology, Inc.
Stanford Technology Trading, Inc
Stanford Technology Trading Associates, Inc.
Systems Services International
Trans World Arms Inc.
Udall Corporation
Udall Research Corporation
Udall Resources, Inc., S.A.
United Nicaraguan Opposition (UNO)

BT TRAVEL

NAPIER/SHIRLEY

8208 LEESBURG PIKE/SUITE 202/VIENNA, VA 22180

STANFORD TECHNOLOGY TRADING GRP INT
 ATTN: MS SHIRLEY NAPIER
 8615 WESTWOOD CENTER DR
 VIENNA VA 22180

DATE
APR 29 1986INVOICE
7959

DEPARTURE CITY	ARRIVAL CITY	AIRLINE	FLIGHT NO	DATE	DEPART	ARRIVE	STATUS
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29 APR 86 - TUESDAY

EASTERN 197 SPCL CLASS

LV: WASH/NATIONAL

507P

NONSTOP

CONFIRMED

ARR: MIAMI

727P

DINNER

SEATS 17 C AND 17B CONFIRMED

NATIONAL

1 STANDARD SEDAN

CONFIRMED

PICKUP-MIAMI

727PM EA197

DROP-30APR

CONFIRMATION-0219727120

30 APR 86 - WEDNESDAY
TOUR

OUT OF TOWN OR FOR EMERGENCY RESERVATIONS
 ON WEEKENDS..HOLIDAYS..OR AFTER NORMAL
 BUSINESS HOURS - CALL 1-800-645-9860

COMPARED TO THE FULL FARE THIS REPRESENTS A SAVINGS OF \$ 161.00

TICKET NUMBER/S:

NAPIER/SHIRLEY

7631254325 CARD

129.00

AIR TRANSPORTATION

119.44

TAX

9.56 TTL

129.00

SUB TOTAL

129.00

CREDIT CARD PAYMENT

129.00-

AMOUNT DUE

.00

703-790-0460

8208 LEESBURG PIKE/SUITE 202/VIENNA, VA 22180
 STANFORD TECHNOLOGY TRADING GRP INT
 ATTN: MS SHIRLEY NAPIER
 8615 WESTWOOD CENTER DR
 VIENNA VA 22180

SEP 23 1986

7965

ACCOUNT: 300

52

DEPARTURE	ARRIVAL	AIRLINE	FLIGHT/NO	DATE	DEPART	ARRIVE	STATUS
23 SEP 86 - TUESDAY							
TWA	890 SPCL CLASS						
LV: WASH/DULLES	550P	ONE STOP					CONFIRMED
AR: GENEVA	940A	ARRIVAL DATE-24 SEP					
DINNER-SNACK							
TWA OPEN SPCL CLASS							
LV: GENEVA							
AR: WASH/DULLES							
24 HR EMERGENCY NMR 800-645-9860/NY STATE 800-732-9639							
***THANKYOU FOR BOOKING BT TRAVEL.							
CHANGES COULD RESULT IN HIGHER FARE							
TICKET NUMBER/S:							
NAPIER/SHIRLEY A	7652493857	CARD					2064.00
AIR TRANSPORTATION	2056.00	TAX	8.00	TTL			2064.00
		SUB TOTAL					2064.00
		CREDIT CARD PAYMENT					2064.00
		AMOUNT DUE					.00

703-790-0460

CUSTOMER ITINERARY

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF BARBARA NEWINGTON

Washington, D. C.

Tuesday, May 12, 1987

Deposition of BARBARA NEWINGTON, called for examination pursuant to notice of deposition, at the offices of the Senate Select Committee, Suite 901, Hart Senate Office Building, at 10:02 a.m. before KAREN ILSEMAN, a Notary Public within and for the District of Columbia, when were present:

W. THOMAS MCGOUGH, JR., ESQ.
Associate Counsel
United State Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition

THOMAS FRYMAN, ESQ.
KENNETH BUCK, ESQ.
Staff Counsel
United States House of
Representatives Select
Committee to Investigate
Covert Arms Transactions
With Iran

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-- continued --

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fully Declassified/Excluded on 05-02-2012
under provisions of E.O. 13526
by D. Baker, National Security Council

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1 APPEARANCES (Continued):

2 RICHARD A. HORGAN, ESQ.
3 JOHN B. REARDEN, JR., ESQ.
4 Winthrop, Stimson, Putnam
& Roberts
5 460 Summer Street
Stamford, Connecticut 06901
On behalf of the Deponent.

6 ALSO PRESENT:

7 VICTOR ZANGLA
8 Associate Staff Member
9 United States House of
Representatives Select
Committee to Investigate
10 Covert Arms Transactions
With Iran

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C O N T E N T SWITNESSEXAMINATION

Barbara Newington

by Mr. McGough
 by Mr. Horgan
 by Mr. Fryman
 by Mr. McGough

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E X H I B I T SNUMBERIDENTIFIED

Exhibit 1

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Exhibit 2

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Exhibit 3

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Exhibit 4

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Exhibit 5

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Exhibit 6

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Exhibit 7

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Exhibit 8

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Exhibits 9 and 10

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PROCEEDINGS

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MR. HORGAN: For the record, Mrs. Barbara

Newington is appearing here today pursuant to the House

Select Committee's subpoena dated February 24, 1987 and

Judge Robinson's immunity order No. 87-0158 dated May 4,

1987, and pursuant to Senate Select Committee dated

March 23, 1987 and Judge Robinson's immunity order

No. 87-163 dated May 5, 1987.

You may proceed.

MR. MC GOUGH: Thank you.

Mrs. Newington, good morning. My name is Tom

McGough. We are going to swear you in a moment, but first

let me explain who we are sitting here at the table.

As you know, there is a joint investigation being

conducted by a Senate Select Committee and a House Select

Committee. I am Associate Counsel with the Senate Select

Committee.

Seated to my right is Mr. Thomas Fryman, Mr. Vic

Zangla, and Mr. Ken Buck, all of whom are in various

capacities with the House Select Committee. We are taking

the deposition jointly to spare you making another trip to

Washington, as has been our practice so far.

fully Declassified/Released on DEC 11 1987
under provisions of E.O. 12355
by D. Sirio, National Security Council

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1 I will be asking most of the questions. If at any
2 point you have any questions or don't understand a question
3 that I direct to you, just stop me and I will be glad to try
4 to clarify it for you.

5 Your counsel has provided to us the records I have
6 here, pursuant to the subpoena. If you feel there is a
7 record or something that might refresh your recollection,
8 feel free to ask me and we'll try to dig it out and let you
9 take a look at it.

10 With that in mind, why don't we swear the witness
11 and go from there?

12 Whereupon,

13 BARBARA NEWINGTON

14 was called as a witness and, having first been duly sworn by
15 the notary public, was examined and testified as follows:

16 EXAMINATION

17 BY MR. MC GOUGH:

18 Q Mrs. Newington, let me start by asking you just
19 some/ general background questions.

20 What is your present home address?

21 A  Greenwich, Connecticut.

22 Q And how long have you resided at that address?

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1 A Thirty-three or four years.

2 Q Do you have an office address or any other
3 principal residence?

4 A No.

5 Q Are you employed in any remunerative capacity at
6 this point?

7 A No.

8 Q I understand that you are a widow.

9 A Yes.

10 Q What was your husband's name?

11 A John Newington.

12 Q When did he pass away?

13 A In 1979.

14 Q I believe counsel has produced copies for us,

15 copies of tax returns for 1984 and 1985 that reflect a social

16 security number of [REDACTED]

Privacy

17 Is that, as best you recollect, your social
18 security number?

19 A That's correct.

20 Q We are here to discuss contributions that were
21 made to various organizations affiliated with a man named
22 Carl "Spitz" Channell and certain other people that worked**UNCLASSIFIED**

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1 ki 1 with or about him.

2 Let me go about back a little bit, however, and
3 ask you initially about an organization called Western Goals
4 and how you first became affiliated or aware of that
5 organization. So let's start at the beginning of your
6 connection with Western Goals.

7 A This was about 1978 when it was formed. My
8 husband formed it with Congressman Lawrence MacDonald.
9 That's when it began.

10 Q At the time it was formed, did your husband have
11 any official capacity or title with Western Goals?

12 A No

13 Q Did there come a time when you took on an official
14 capacity?

15 A Only as a member of the Advisory Board.

16 Q When did you become a member of the Advisory
17 Board?

18 A In 1979.

19 Q Are you still affiliated or on the Advisory Board
20 of Western Goals?

21 A No.

22 Q When did you step down or sever your connection

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1 xi 1 with that organization?

2 A When the Congressman died in the air crash,
3 Western Goals just fell apart, so that I was supporting it
4 for a couple of years just to keep it going. And then when
5 Mr. Channell came into the picture, he showed interest in
6 taking it over as we were looking for a leader to carry it
7 on, and so he took it over in about 1985.

8 Q Did you continue your affiliation with Western
9 Goals after Mr. Channell took it over?

10 A Just for about a year; yes.

11 Q So I'm just trying to count a year ahead. Can we
12 say that you severed ties or moved away from Western Goals
13 sometime in 1986?

14 A Yes.

15 Q What did you understand the purpose of Western
16 Goals to be?

17 A It was to promote and further the principles of
18 ~~the American Revolution and to rebuild these principles~~
19 ~~so that a new nation could be established in this~~
20 ~~country.~~

21 Q Am I correct in saying that Western Goals was a
22 tax-exempt organization?

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1 A That's correct.

2 Q Can you give me an example of some of the projects
3 that Western Goals did in the course of its existence?

4 A It published pamphlets on the subject of the
5 Constitution and documentaries on ~~terrorism~~^{terrorism}. Anything that
6 would get it before the public's eye, media and so forth.

7 Q Can you give me an estimate of what Western Goals'
8 annual budget was?

9 A It was probably around \$90,000 a year.

10 Q Did you support Western Goals financially?

11 A Yes. Not solely, but a substantial contributor;
12 yes.

13 Q Did you continue that financial support after
14 Mr. Channell took over Western Goals?

15 A In a very minor way.

16 Q Can you tell me when you first met Mr. Channell?

17 A Around February of 1985.

18 Q And in what context did you meet him?

19 A I had been familiar with his organization and he
20 had heard of me, I guess, through Western Goals and asked me
21 to have an appointment to meet him in New York City.

22 Q Had he at that time assumed control of Western

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1 Goals?

2 A No.

3 Q You said that you had been familiar with his
4 organization.

5 Which organization did you associate him with?

6 A The American Conservative Trust.

7 Q How did you become familiar with American
8 Conservative Trust?9 A Former years, during the time my husband was
10 alive, we contributed to congressional races, conservative
11 congressional races through their organization.12 Q So you had made contributions to ACT before you
13 had personally met Mr. Channell?

14 A Yes.

15 Q Who requested the meeting with Mr. Channell
16 initially? Did he suggest it to you, or did you suggest it
17 to him?

18 A He arranged it. He called me and made the date.

19 Q And did you in fact meet with him?

20 A Yes.

21 Q And where did that meeting take place?

22 A At the Plaza in New York City.

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1 Q As you recollect, that was in February of 1959

2 A That's correct.

3 Q Was anyone else with Mr. Channell at that time at
4 that meeting?

5 A (Nods in the negative.)

6 Q I guess you answered no to that answer.

7 If you can recall at that first meeting, did
8 Mr. Channell describe to you the organizations with which he
9 was then affiliated?

10 A No.

11 Q What did you discuss at that meeting?

12 A More about Congressman MacDonald and his books and
13 so forth, and what his organizations were trying to
14 accomplish.15 Q By his organizations, do you mean Congressman
16 MacDonald's organizations?

17 A Yes.

18 Q Did you talk about Western Goals?

19 A Yes.

20 Q Did you discuss with Mr. Channell the prospect of
21 his assuming some position with Western Goals?

22 A Yes. Not at that particular meeting, but later.

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1 .i 1 Q Did Mr. Channell describe for you any of the
2 organizations that he was then associated with, whether it
3 be ACT or --
4 A Not in any great length; no.
5 Q Did he solicit any financial contributions from
6 you at that lunch?
7 A No.
8 Q Did there come a time when Mr. Channell did in
9 fact solicit money from you?
10 A Yes.
11 Q Can you put it any time frame after your February
12 meeting with him?
13 A It's hard to say just from follow-up sequence, but
14 fairly shortly after that.
15 Q Can you give me an idea when in 1985 Mr. Channell
16 assumed control of Western Goals?
17 A It was late 1985.
18 Q So that he began to solicit money from you or
19 contributions from you prior to the time that he actually
20 took a role with Western Goals?
21 A Yes.
22 Q What he solicit money for? What did he ask you to

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1 1 contribute money to?

2 MR. HORGAN: At the outset?

3 MR. MC GOUGH: Yes, at the outset.

4 BY MR. MC GOUGH:

5 Q I am trying to get an idea of how the relationship
6 evolved, and I'm interested in the early phase at this
7 point.

8 A He was interested in putting ads in the
9 newspapers, and television spots, in support of the
10 Nicaraguan situation.

11 Q Did he talk to you about where these ads would be
12 aired?

13 A Yes, from time to time.

14 Q What did he say about that?

15 A Washington newspapers, New York newspapers,
16 Chicago.

17 Q For what organization was he soliciting
18 contributions?

19 A It was never clear until he asked me to make a
20 check out to so-and-so. I never particularly knew which
21 organization was which.

22 Q In going through your records, you ultimately made

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1 1 checks out to a number of his organizations, including one
2 called ACTSEF, American Conservative Trust State Election
3 Fund; later Sentinel; and still later ATAC which is
4 Anti-Terrorism American Committee; and also a number of
5 checks made out, or contributions made to the National
6 Endowment for the Preservation of Liberty, NEPL.

7 What did you understand, if anything, about the
8 differences among the various organizations Mr. Channell
9 solicited for?

10 A I understood very little about them.

11 Q Did you view them essentially as interchangeable?

12 A Yes. And I didn't question him.

13 Q In this early phase -- let me put a finite point
14 on it -- did there come a time when you began to have
15 contact with people at the National Endowment for
16 Preservation of Liberty, NEPL, other than Mr. Channell?

17 A No.

18 Q Were you ever solicited by a man by the name of
19 Chris Smith?

20 A Yes.

21 Q Can you tell me how you came into contact with
22 Mr. Smith?

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1 A He was perhaps the first contact to Channell's
2 organizations early on, and he was the one who solicited for
3 the conservative races in the very, very beginning.

4 Q Now, you say "solicited for the conservative
5 races." What do you mean by that?

6 A Well, in support of the conservative congressional
7 races.

8 Q Do you associate Mr. Smith with any particular
9 organization operated or affiliated with Mr. Channel, or do
10 you just view him as part of the pool or organizations that
11 he had?

12 MR. HORGAN: And this is your understanding at the
13 time.

14 THE WITNESS: Yes.

15 It wasn't clear at all what he was representing.

16 MR. HORGAN:

17 BY MR. MC GOUGH:

18 Q But you knew that he worked for Mr. Channell?

19 A Yes.

20 Q And you also knew that he was soliciting money for
21 political races, congressional races?

22 A Yes.

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- 1 Q Do you recall which, if any, of the organizations
2 Mr. Smith told you to make your contributions to?
- 3 A It's hard to recall.
- 4 Q If you don't recall, that's understandable.
- 5 A Yeah. There were so many different ones.
- 6 Q Other than Mr. Channell and Mr. Smith, did anyone
7 else associated with Mr. Channell solicit contributions from
8 you
- 9 A No.
- 10 Q Did you have contact with anyone else at
11 Mr. Channell's organizations?
- 12 Let me give you a few names and see if it's
13 helpful at all. Mr. Daniel Conrad.
- 14 A Yes, later on.
- 15 Q That was later?
- 16 A (Nods in the affirmative.)
- 17 Q I imagine you did have contact with Linda Guell
18 through Western Goals.
- 19 A Yes, that's right.
- 20 Q Did you have contact with James McLaughlin?
- 21 A No.
- 22 Q Did you have contact with Chris Littledale?

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1 A No.

2 Q There came a time in June of 1985 when you made a
3 trip to Washington, D.C. at the invitation of the National
4 Endowment for the Preservation of Liberty; is that right?

5 A That's correct.

6 Q Let me show you what we can mark as Deposition
7 Exhibit No. 1, a document produced by you. And it appears
8 to be a bill or an invoice from the May Adams Hotel, noting
9 arrival and departure on June 25th -- I'm sorry, arrival on
10 June 25, 1985 and departure on June 26th.

11 (Deposition Exhibit No. 1

12 identified.)

13 (Document handed to the witness.)

14 MR. MC GOUGH: That's probably a better copy than
15 your counsel has, so why don't work from that?

16 BY MR. MC GOUGH:

17 Q Was that, in fact, the trip that we were
18 discussing?

19 A Yes.

20 Q Can you tell me how that trip came about, who
21 invited you, and what the purpose was?

22 A Yes. Mr. Channell thought he had arranged a visit

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1 with the President and a briefing with Oliver North.

2 Q What happened when you did in fact arrive in
3 Washington, as best you can remember that?

4 A I was met by Mr. Channell at the Hay-Adams and he
5 took me over to the briefing, to the White House.

6 Q And what occurred at the briefing or at the White
7 House?

8 A I met Oliver North in the National Security
9 Council offices and he produced charts and slides and films
10 of what was going on in Nicaragua, and just explained the
11 situation and their needs.

12 Q What did you understand the purpose to be? Why
13 were they briefing you on this?

14 A I really don't know why. I wasn't even thinking
15 about that at the moment.

16 Q Did you know why Mr. Channell invited you to
17 Washington?

18 A Just because he wanted me to be more alert as to
19 what was happening.

20 Q Had he, up to that point, solicited contributions
21 for support of either television ads or --

22 A Yes, up to that point.

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1 i 1 Q For Nicaragua?

2 A For Nicaragua.

3 Q Had he solicited direct contributions to the

4 contras, the Nicaraguan Democratic Resistance, at that

5 point?

6 A No.

7 Q So up the point of this White House meeting, as

8 far as Nicaragua was concerned, the only contributions he

9 had solicited were for television advertisements.

10 A That's correct.

11 Q Now, you met with Colonel North in the National

12 Security Council offices. Was anyone else present while you

13 were meeting with Colonel North?

14 A Mr. Miller and Mr. Channell.

15 Q Did they actually sit in on the briefing that

16 Colonel North gave you?

17 A Yes.

18 Q Was this done in Colonel North's own office, as

19 best you can tell, or was it done in a conference room?

20 A In a conference room.

21 Q Did Colonel North show any displays, any maps,

22 slides, lists, anything like that?

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1 A Yes.

2 Q What did he show you?

3 A He showed where the airstrips were and the general
4 problems of the soldiers and so forth.5 Q Did he discuss the needs of the Nicaraguan
6 resistance at that point?

7 A Yes, he did.

8 Q What did he tell you that they needed?

9 A They needed equipment and food and weapons and
10 everything to keep them going.11 Q Did Colonel North solicit a contribution or ask
12 you to help supply --

13 A No.

14 MR. HORGAN: Let him finish his question. He has
15 a time frame in mind.

16 BY MR. MC GOUGH:

17 Q At this meeting, did he solicit you or otherwise
18 ask you to help fulfill the needs of the Nicaraguan
19 Resistance?

20 A No.

21 Q Did he make any references, either direct or
22 indirect to Mr. Channell's ability to solicit contributions**UNCLASSIFIED**

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1 1 for those purposes and provide them to the Nicaraguan

2 Resistance?

3 A No.

4 Q Did he mention Mr. Channell's role at all?

5 A No.

6 Q Do you recall -- you mentioned weapons as being
7 one of the items he discussed at that briefing.

8 Do you recall any specific kinds of weapons being
9 discussed?

10 A No.

11 Q Do you recall whether he discussed specific prices
12 for weapons?

13 A No.

14 Q Up until that point, had you met Colonel North
15 before?

16 A No.

17 Q Up until that point, had you met Mr. Miller
18 before?

19 A No.

20 Q Was Mr. Miller there when you arrived that morning
21 in Washington?

22 A I believe so.

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1 Q What did you understand Mr. Miller's role or
2 assignment to be?

3 A I didn't know what it was at that time.

4 Q Do you recall how he was introduced to you? That
5 is, what his affiliation was?

6 A No. Just by name.

7 Q Do you recall any mention of International
8 Business Communications or IBC at that time?

9 A No.

10 Q Up until that meeting, had you ever met Ronald
11 Reagan?

12 A Yes.

13 Q On how many occasions or on what occasion?

14 A Well, it went back to 1981. And he came to
15 Greenwich and my husband and I met him at a private party
16 given for him. And that's the only time I previously
17 actually met him, but we had correspondence, letters and so
18 forth.

19 Q Am I correct that one of the purposes of your trip
20 to Washington in June 1985 was perhaps to meet Mr. Reagan,
21 or was it just for the briefing with Colonel North?

22 A It definitely was for the briefing and a

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1 possibility of meeting with the President.

2 Q What happened after the briefing? You left the
3 White House at that point?

4 A Yes.

5 Q While at the White House or in the National
6 Security Office, did you meet any other government official?

7 A No.

8 Q Not John Poindexter or Robert McFarlane or any
9 other representative of the government?

10 A No.

11 Q Where did you go after you left the briefing?

12 A Came back to the hotel and subsequently had dinner
13 at the hotel.

14 Q Who was present at dinner?

15 A Mr. Miller and Mr. Channell. I'm not sure about
16 Mr. Conrad, whether he was there or not. It's possible that
17 he was.

18 Q Was the dinner held in a private room or was it
19 out in the restaurant?

20 A In the restaurant.

21 Q What did you discuss at dinner, if you can recall?

22 A More about the Nicaraguan situation -- if I could

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1 help in some way.

2 Q Did they ask you to contribute to the cause of the
3 Nicaraguan Resistance?

4 A Not specifically that way, but generally.

5 Q Can you recall how they put it generally, or give
6 me an idea how they put it generally?

7 A I really can't remember any particular questioning
8 or asking me. It was just more to clue me in to the needs
9 again. I just assumed that I knew what they wanted, but
10 they really didn't come out and say, I want so much money
11 for this or that.

12 Q I see. But they would refer back to the briefing
13 that Colonel North gave you?

14 A That's right.

15 Q And you said you knew what they wanted, and what
16 they wanted were contributions; is that right?

17 A That's correct.

18 Q Did you discuss, or did they discuss or even imply
19 what the contributions would be used for?

20 A Not at that time.

21 Q Who actually was doing the soliciting? You've got
22 Mr. Miller and Mr. Channel there. Can you break it down as

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1 <i 1 between them at all?

2 A Not particularly.

3 MR. HORGAN: Excuse me.

4 (Counsel confers with witness.)

5 THE WITNESS: May I clarify my answer?

6 BY MR. MC GOUGH:

7 Q Sure.

8 A Mr. Channell was the main solicitor, always.

9 Q Do you recall being solicited at all by

10 Mr. Miller?

11 A No.

12 Q But he was present at this dinner when

13 Mr. Channell was soliciting?

14 A Yes.

15 Q By the time that you had arrived at this dinner,

16 had it become apparent that you were not going to be able to

17 meet with Mr. Reagan on your trip to Washington? Or what

18 was the status of that at that point?

19 A No. There was a possibility that I would the next

20 day.

21 Q In your discussions with Mr. Channell and

22 Mr. Miller about the needs of the contras, did they discuss

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1 .i 1 military needs as well as non-military needs?

2 A Very little about the military needs to me. It
3 was more humanitarian.

4 Q You say very little. Do you have a specific
5 recollection of them discussing any military needs?

6 A Only that they needed weapons, but it was mainly
7 uniforms and food and equipment.

8 Q And you say that they did not really solicit your
9 support directly for any particular type of assistance to
10 the contras at that time?

11 A Not at that time.

12 Q But you understood that they were soliciting
13 contributions from you.

14 A Well, you sensed that.

15 Q Did you sense or understand what they intended to
16 do with any contribution that you might give? Again, we're
17 talking about the June 1985 meeting.

18 A Not at that time.

19 Q Did you meet with anyone else that evening?
20 Again, this is the same evening that you had the briefing
21 with Colonel North.

22 A Yes.

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1 Q And who else was there? Who else came there, I
2 should say.

3 A Mr. Fischer and Mr. Channell and Mr. Miller came
4 later that evening.

5 Q Was that in the restaurant again, or where did
6 that happen?

7 A No. That was in the suite.

8 Q And Mr. Fischer -- what was his -- how was he
9 described to you? What were you told about what he did?

10 A I really was not told anything about him -- he was
11 just there -- and that he would inform me of the protocol in
12 a meeting with the President.

13 Q And what did he tell you about the protocol?

14 A Just that you would be ushered in and you would be
15 ushered out. Very little. It would be brief. That's all.

16 Q Did either Mr. Channell or Mr. Miller tell you
17 what to discuss with the President or what not to discuss
18 with the President?

19 A No.

20 Q Did they attempt to limit in any way anything you
21 might say to Mr. Reagan?

22 A No.

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1 <1 1 Q Did they try to give you suggestions about things
2 you might say to him?

3 A No.

4 Q The next day, were there any other events,
5 significant events, that you can remember on that day, the
6 day that you were briefed by Colonel North? Anyone else you
7 met or anyone else who imparted any information about the
8 Nicaraguan Resistance?

9 A No.

10 Q What happened the next day?

11 A There is some emergency that arose that morning in
12 the White House, and I'm not clear as to what it was. But
13 the President was not able to meet with me.

14 Q Did you go over to the White House to wait?

15 A No. It was very clear that morning that it was
16 not to be.

17 Q Did you meet with anyone that morning or that day?

18 A Only Mr. Channell again.

19 Q Did you see Mr. Miller that day, if you recall?

20 A No.

21 Q How about Colonel North?

22 A No.

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1 (i 1 Q Did Mr. Fischer come back again by any chance?

2 A No.

3 Q In leading up to this meeting with the President,
4 or this proposed meeting with the President, was it ever
5 suggested to you by anyone that a contribution in a certain
6 amount or a contribution of a certain size might enable you
7 to meet with the President?

8 A No.

9 Q Was there any direct connection drawn between any
10 contribution you might make or did make and the meeting with
11 President Reagan?

12 A No.

13 Q Was that ever -- I don't want to say "implied, but
14 was there ever an indirect indication to you that that in
15 fact was the case?

16 A No.

17 Q Did you ever have a discussion like that, or was
18 that information ever imparted to you at any time after the
19 June meeting? Did you ever understand there to be a
20 relationship between your contributions and any meeting with
21 Ronald Reagan?

22 A No.

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1 1 Q Do you recall any specifics of your discussion
2 with Mr. Channell on the next day? That would have been
3 June 26, 1985.

4 A No, because we left shortly. We went to some art
5 galleries and we went home.

6 Q Do you recall again being solicited for
7 contributions on that day?

8 A No.

9 Q Am I correct that by the time you had this meeting
10 in Washington, D.C., you had made a series of contributions
11 to the American Conservative -- what's called ACSEF --
12 American Conservative State Election Fund or to NEPL. By
13 that time you had already been making contributions to them?

14 A Yes.

15 Q Can we agree that after this trip to Washington,
16 you made additional contributions in the next couple of
17 months to the National Endowment for the Preservation of
18 Liberty?

19 A I don't know whether it was in the next couple of
20 months or not.

21 Q Did you come away from the meeting in Washington
22 with an intention to make contributions to support the

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1 Nicaraguan opposition?

2 A I made no commitments outwardly, but to myself I
3 did.

4 Q When was the next time someone attempted to obtain
5 a contribution for that purpose?

6 A There again, I really don't know how -- the time
7 span -- but I did contribute later on.

8 Q This is a point of general reference in looking
9 through the records supplied by counsel. Your contributions
10 seem to be periodic ones; every month or every couple of
11 months you would make a contribution to one of
12 Mr. Channell's organizations.

13 As a general matter, were those contributions made
14 in response to specific appeals or were those made on the
15 basis of every now and then you would find a way to make a
16 contribution to them, whether they asked for it or not?

17 A No. They were usually for particularly things,
18 lobbying efforts.

19 Q So they would call you up or write you a letter
20 and say we need a contribution for such and such, and you
21 would then essentially target your contribution to that?

22 A That's right.

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(Counsel confers with witness.)

2

THE WITNESS: May I clarify that?

3

BY MR. MC GOUGH:

4

Q Sure. Absolutely.

5

A All solicitations were made by phone. No letters.

6

MR. HORGAN: We are not aware of any letters, and
your question included both.

8

MR. MC GOUGH: That's fine. Just for the record,
we have seen a lot of letters, and I wasn't attempting to
indicate that there were letters. I was just trying to be a
little more generic.

12

BY MR. MC GOUGH:

13

Q Can you recall the first contribution you made
with the intent of providing direct support to the
Nicaraguan opposition?

16

A Are you asking for the time or --

17

Q I'm just asking if you recall the context in which
it was made.

19

A Only through another call from Mr. Channell, or if
a specific thing was needed.

21

Q Do you recall what the specific thing that was
needed was?

22

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1 *ci* 1 A At one time it was to repair an airstrip. At
2 2 another time it was for a reconnaissance plane.

3 Q Do you ever recall Mr. Channell specifically
4 2 requesting funds for military equipment or weapons?

5 A No.

6 Q Did he ever request funds that weren't targeted to
7 2 any particular need of the contras? That is, you've
8 2 mentioned an airstrip and you've mentioned a reconnaissance
9 2 plane.

10 Did he ever ask for funds for the general support
11 2 of the contras?

12 A No.

13 MR. HORGAN: Excuse me one moment.

14 (Counsel and the witness confer.)

15 THE WITNESS: I need to clarify my answer, please.

16 BY MR. MC GOUGH:

17 Q Sure.

18 A In between specifics, there were generalities for
19 2 I never knew exactly what, whether they were for ads.
20 2 Again, it was all pertaining to the Nicaraguan situation.

21 Q And you say whether they were for ads. They also
22 2 might have been just for general financial support directly

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1 .i 1 to the contras as you understood it?

2 A I guess so; yes.

3 Q Did you ever indicate to Mr. Channell that you
4 would have an objection to your contributions being used for
5 military assistance? Did you ever tell him do not -- or
6 ensure that my contributions are not used for that?

7 A No. But it never occurred to me that they would
8 be used for that.

9 Q There came a time in November of 1985, I believe
10 November 7, when you again traveled to Washington. I
11 believe at that time you did in fact meet Mr. Reagan. Am I
12 right in that?

13 A That's right.

14 Q Did you make any trips that you can recall to
15 Washington between June of 1985 when you did not get to see
16 Mr. Reagan and November 7 of 1985 when you did?

17 A No.

18 Q To the best of your recollection, did Mr. Channell
19 visit you at your home in Connecticut in that period of
20 time?

21 A I know he visited my home, but don't ask me just
22 when.

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Q How did the meeting with the President on November 7th come about? How did the invitation come to you and how was it explained to you?

A Again on the telephone. He told me of having arranged the meeting and the date, the time that I should be there.

Q Did he explain what the purpose of the meeting was or how it came about?

A Just to be thanked by the President.

Q Did he say thanked for what?

A He didn't.

MR. MC GOUGH: Let's mark this as Deposition Exhibit No. 2, which is a letter again from your documents, dated October 10, 1985 from Mr. Reagan.

(Deposition Exhibit No. 2 identified.)

BY MR. MC GOUGH:

Q Do you recall receiving this letter?

A Yes, I do.

Q Do you know why you received the letter? It is an obviously an expression of gratitude. Do you associate this letter with any particular effort or action on your part?

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2 :i

1 A No.

2 Q Were you surprised to receive the letter?

3 A Yes.

4 Q Had Mr. Channell indicated to you prior to
5 receiving this letter, that you might receive it?

6 A No.

7 Q Did you make any connection in your own mind
8 between Mr. Channell and the letter of October 10?

9 A No.

10 Q Did you make any connection in your own mind
11 between your contributions to NEPL or Mr. Channell's
12 organizations and the letter of October 10?

13 A No, not at that time.

14 Q Could you tell me what happened when you traveled
15 to Washington on November 7th?16 (Deposition Exhibit No. 3
17 identified.)

18 BY MR. MC GOUGH:

19 Q And so you have it in front of you, let's mark
20 this as Exhibit 3. It's a page from your appointment book,
21 which is the basis for my November 7th statement. I hope it
22 is correct. A page from November 1985 with the word**UNCLASSIFIED**

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1 "Washington" written across November 7th. Is that right?

2 A Yes, it's right.

3 Q To the best of your recollection, is that in fact
4 when your meeting with President Reagan took place?

5 A Yes.

6 Q On November 7, 1985?

7 A Yes.

8 Q Can you tell me what happened when you traveled to
9 Washington? Who met you? Let's start there.

10 A I believe it was Mr. Channell who met me again.

11 Q And did he meet you at the airport?

12 A No, at the hotel.

13 Q Let me back up for one moment.

14 The expenses for your trip to the Hay-Adams Hotel
15 in June of 1985 -- were you reimbursed for those or did you
16 pay those out of your own pocket?

17 A I had some members of my family with me and I paid
18 for those. Mr. Channell paid for me.

19 Q All right.

20 And on the trip on November 7, 1985, did you
21 travel alone at that point?

22 A In November?

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1 Q In November. The November trip?

2 A Yes.

3 MR. HORGAN: Can you repeat the question? Was she
4 traveling alone?5 MR. MC GOUGH: My question is in specific regard
6 to the November 1985 trip, was she traveling alone?

7 THE WITNESS: Yes, I was.

8 MR. HORGAN: Let me assist the witness in terms of
9 her recollection.

10 (Counsel and witness confer.)

11 THE WITNESS: My driver brought me down.

12 BY MR. MC GOUGH:

13 Q So you drove down to Washington.

14 A And the driver's wife; yes.

15 Q Did you again check into the Hay-Adams Hotel?

16 A Yes.

17 Q What happened that day after Mr. Channell met you

18 A It was in the afternoon, and I was taken over to
19 the White House and ushered into the West Gate waiting room
20 and waited. And Mr. Buchanan came to usher me into the Oval
21 Office.

22 Q Did Mr. Channell accompany you over to the White

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1 House?

2 A I'm not sure whether he accompanied me or he was
3 there waiting for me. I'm vague on that, but he was there.

4 Q Was anyone else with Mr. Channell? Was Mr. Miller
5 there or Mr. Fischer?

6 A No.

7 Q So you were met by Mr. Buchanan. And what
8 happened at that point?

9 A He shook my hand and said he was glad to meet me.
10 We had to wait a while, and then I was taken in to see the
11 President.

12 Q Can you tell me what you recollect about your
13 meeting with the President?

14 A It was very brief. There were photographers
15 around. We just stood shaking hands and exchanging
16 thank-you's. And I remember more what I said to him than
17 what he said to me.

18 I said to him that I thought he had brought God
19 back into the White House. And he said, "I've been talking
20 to him a lot lately and I intend to take him to the summit
21 with me."

22 Then I felt that he really had nothing more to say

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1 :i 1 and so I went out, and didn't wait to be ushered out, which
2 was not right.

3 Q Did the subject of Central America or Nicaragua
4 come up at all?

5 A No.

6 Q Did President Reagan acknowledge in any way -- did
7 he say thank you, or thank you for your efforts on behalf of
8 something, or make any statements like that?

9 A No.

10 Q What happened after you left President Reagan?

11 A Went back to the hotel --

12 Q Let me stop you there.

13 While you were at the White House, did you see any
14 other government officials? Did you see Colonel North or
15 anyone other than Pat Buchanan?

16 A No, not at that time.

17 Q What happened after you went back -- you went back
18 to the hotel with Mr. Channell?

19 A Yes.

20 Q What happened when you went back to the hotel?

21 A May I speak to counsel for a minute, please?

22 Q Sure.

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1 (Counsel and witness confer.)

2 THE WITNESS: Going back to your question, I'm not
3 sure whether it was this visit or another one, but there was
4 a point when I saw his offices.

5 BY MR. MC GOUGH:

6 Q Mr. Channell's offices?

7 A Mr. Channell's offices. And he took me over to
8 the man who created the ads and so forth, Mr. Goodman, and I
9 met him briefly. And it may have been at that time -- I'm
10 not absolutely certain.

11 Q The offices that you visited, were they up on
12 Capitol Hill in a townhouse, or were they down on
13 Pennsylvania Avenue in an office building?

14 A No, they were in a townhouse.

15 Q While you visited his offices, did you meet
16 anyone else at this organization if you can recall?

17 A Only his secretary.

18 Q Was that Angie?

19 A Angie.

20 Q Setting aside that trip to the townhouse and the
21 Goodman incident, after you left the White House with
22 Mr. Channel, I believe you said, eventually you got back to

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1 1

1 the hotel.

2 Did you dine with him at that point or discuss
3 anything with him?

4 A We had dinner.

5 Q Was anyone else present at dinner?

6 A I believe Dan Conrad. I believe that's all. Just
7 Dan, Mr. Channell, and myself.

8 Q Do you recall anything that was discussed at that
9 time?

10 A Nothing specific.

11 MR. HORGAN: Excuse me one moment.

12 (Counsel and witness confer.)

13 THE WITNESS: To clarify that, I think Mr. Miller
14 was present, too. I'm never quite sure. He drifted in and
15 out. I'm never quite sure whether he's with us or not.

16 BY MR. MC GOUGH:

17 Q Did you ever come to an understanding as to what
18 Mr. Miller's role was?

19 A I never knew what his role was at that time.

20 Q You say you never knew at that time. Other than
21 the publicity that's come out in recent months, did you ever
22 in your relationship with Mr. Channel understand what his

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- 1 role was?
- 2 A When I read it in the paper.
- 3 Q At that dinner, was one of the topics of
- 4 discussion the needs of the Resistance fighters in
- 5 Nicaragua?
- 6 A Would you repeat that again?
- 7 Q Sure.
- 8 At the dinner with Mr. Conrad and Mr. Channell and
- 9 perhaps Mr. Miller, did you or they discuss the needs of the
- 10 contras, the Nicaraguan Democratic Resistance?
- 11 A Yes. I'm sure we touched on it.
- 12 Q Do you recall any specifics of that conversation?
- 13 A No.
- 14 Q Did you recall being solicited for a contribution
- 15 or contributions at that dinner?
- 16 A Not right at the dinner.
- 17 Q Were you solicited shortly after the dinner?
- 18 A I'm sure; another phone call.
- 19 Q Do you recall at that dinner -- let's go back to
- 20 the dinner -- any specific needs of the contras being
- 21 mentioned?
- 22 A I'm not sure whether it was at that time that they

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1 mentioned the plane. I don't believe there were any
2 specifics.

3 Q Did you stay in Washington overnight or did you
4 return that evening?

5 A Stayed overnight.

6 Q Did you meet with anyone the next day?

7 A There was a breakfast with Colonel North. I'm not
8 sure whether it was that meeting or the next one. But
9 anyway, it was a very brief breakfast.

10 Q What was discussed at that breakfast, if you
11 recall?

12 A He was telling me how they found their home in
13 Virginia and telling me about his wife and children.

14 Q Was Mr. Channell present at that breakfast as
15 well?

16 A Yes.

17 Q How about Mr. Miller, if you recall?

18 A Not Mr. Miller. I think it was Mr. Conrad.

19 Q Did Colonel North discuss the needs or the
20 position of the contras at that breakfast?

21 A No.

22 Q Did Colonel North solicit any contributions at

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1 i 1 that breakfast?

2 A No.

3 Q As best you can recall, did Mr. Channell -- did

4 anyone at that breakfast discuss Central America, Nicaragua,

5 or the needs of the contras?

6 A No.

7 Q Did anyone solicit any contributions at that

8 breakfast?

9 A No.

10 Q What is the next contact after that breakfast?

11 Did you return to Connecticut, or were there any other

12 events that day that you remember?

13 A No. I went right home.

14 Q What was the next contact you recall receiving

15 from Mr. Channel or his organizations?

16 A What? Requests?

17 Q Yes. Any requests, any telephone calls, any

18 meetings with Mr. Channell? The next contact you might have

19 had.

20 A It could have been a visit up to Greenwich,

21 showing me ads for the newspapers again. It's all so

22 confusing.

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1 i 1 Q All right. You continued after your meeting with
2 President Reagan, did you not, to make contributions to
3 NEPL?
4 A Yes.
5 Q And in November and December of 1985, you made
6 very sizable donations of stock to NEPL; do you recall that?
7 A Yes.
8 Q Each of them was in the amount of approximately
9 \$500,000 and totaled over a million dollars. Is that right?
10 A Yes.
11 Q Do you recall what these contributions were for?
12 A I think that was for the plane and the airstrip.
13 Q Do you recall how the plane and the airstrip first
14 came to your attention?
15 A I think it was mentioned at the briefing, but not
16 specifically till later on.
17 Q Do you remember who specifically brought it back
18 up again?
19 A Mr. Channell.
20 Q Do you remember at what meeting or in what context
21 he brought it back up again?
22 A That was another phone call.

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- 1 .i 1 Q Just for point of clarification, when you refer to
2 the briefing, you refer to Colonel North's briefing in June?
3 A Yes.
4 Q You say you believe it was a phone call in which
5 Mr. Channell resurrected the airstrip and the spotter plane
6 again?
7 A Yes.
8 Q Did he talk in terms of specific amounts necessary
9 to repair the airstrip or buy the spotter plane?
10 A Yes. But I don't remember the amounts at this
11 point.
12 Q Do you remember whether your contributions were
13 going to be enough, too much, or not enough? Were you going
14 to be the one solely repairing the airstrip, or were other
15 people needed as well?
16 A No. I think the plane was me, but the airstrip
17 was just a part of it.
18 Q Do you recall any discussion of where the airstrip
19 was located?
20 A No.
21 Q Do you recall the country in which it was located?
22 A No.

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1 :i 1 Q Do you know whether it was located on what has
2 become known as the northern or the southern front?

3 A I really don't know.

4 Q Are you now, or were you then at all familiar with
5 the distinction between the northern front and the southern
6 front in Nicaragua?

7 A No.

8 Q Do you recall if Mr. Miller was present at the
9 breakfast you had with Colonel North?

10 A No.

11 Q You don't recall, or he was not present?

12 A He was not there.

13 Q Was Colonel North present at the dinner the night
14 before with Mr. Channell?

15 A No.

16 Q So that the only time you recall meeting Colonel
17 North on that trip to Washington was at the breakfast the
18 next morning?

19 A That's correct.

20 MR. HORGAN: Tom, let me see if I can clarify
21 chronology perhaps.

22 (Counsel and the witness confer.)

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THE WITNESS: To clarify, there was a meeting

after dinner in my suite with Colonel North.

BY MR. MC GOUGH:

Q Oh, that's where I got off the track.

All right. Tell me about the meeting in the suite after dinner.

A He came to bring me a gift from the President that I dashed out and didn't receive when I was there, and also to talk more about the needs of the contras.

Q Can you tell me, first of all, what was the gift?

A The gift was a glass plaque. On one side of it it read, signed in the President's handwriting, "There is no limits to what a man can do or where he can go if he does not care who gets the credit."

Q And what do you recall about Colonel North's discussions at that evening meeting?

A Just more about the contra situation. He wanted to know about my meeting.

Q He asked you about your meeting with President Reagan?

A Yes.

Q And did he discuss, if you recall, did he discuss

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1 i 1 the airstrip and/or the spotter plane --

2 A No.

3 Q -- at that meeting?

4 Did he discuss the needs of the contras?

5 A Yes.

6 Q And what types of needs did he describe at that
7 meeting?

8 A More of the same. Food and equipment and weapons.

9 MR. HORGAN: Excuse me one moment.

10 (Counsel and witness confer.)

11 THE WITNESS: Clarifying this answer, he did bring
12 out a map to show the situation in Nicaragua and most likely
13 -- it's just not clear to me -- but most likely he did speak
14 about the airstrip.

15 BY MR. MC GOUGH:

16 Q But you don't recollect where that airstrip might
17 have been located?

18 A No.

19 Q The plane that we have been talking about, was it
20 ever identified as a ^{Maile} ~~Maile~~ aircraft? Have you ever heard
21 that term?

22 A No.

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1 i 1 Q Just what you call a reconnaissance plane or a
2 spotter plane?
3 A That's correct.
4 Q Who was present at this meeting in your suite
5 after dinner?
6 A It was Mr. Channell, Colonel North, and I believe
7 it was Dan Conrad.
8 Q Could Mr. Miller have been there?
9 A I am quite sure he was not there.
10 Q Did Colonel North solicit any contributions or any
11 funds for the contras at that meeting?
12 A No.
13 Q Did Colonel North make any indication that
14 Mr. Channell could provide the needs, the contributions of
15 Mr. Channell might provide for the needs of the contras?
16 A No.
17 Q Other than the meeting with the President, the
18 meetings you have described so far, were there any other
19 meetings during that trip to Washington that you recall?
20 A No.
21 Q Mrs. Newington, the records that you've turned
22 over to us indicate -- this is just as a general matter,

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1 subject to check by Mr. Horgan -- that between October of
2 1985 and about March of 1986, in that six-month period that
3 straddled the New Year, you made contributions to NEPL of
4 approximately about \$1 million -- about a million and a half
5 in stock and another \$500,000 or so in cash or in checks. I
6 won't say cash.

7 Is that about it?

8 MR. HORGAN: That's close?

9 BY MR. MC GOUGH:

10 Q So about a million and a half dollars in stocks
11 and about \$500,000 in cash.

12 Was all that to be devoted, as you recall, to the
13 repair of the airstrip or the purchase of a spotter plane?

14 A Oh, no.

15 Q For what other purposes were you contributing?

16 A This was, I am quite sure, during the lobbying
17 efforts for the Congress as well as continuous ads and
18 television spots.

19 Q Can you, in your own mind, separate out what
20 portions of those contributions -- with the parameters I
21 gave you -- what portions of the contributions -- we're
22 talking about a total contribution in the neighborhood of

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1 \$2 million over the space of about six months.

2 Can you, in your own mind, sort out how much of
3 that was devoted to the contras and how much was devoted to
4 television ads?

5 A No.

6 Q Does that help you at all fix the amount they were
7 requesting for the airfield and for the spotter plane?

8 A Not really.

9 (Deposition Exhibit No. 4

10 identified.)

11 BY MR. MC GOUGH:

12 Q Mrs. Newington, Deposition Exhibit 4 is a letter
13 from Oliver North dated January 24, 1986, among the
14 documents you provided to us

15 Do you recall receiving that letter?

16 A Yes.

17 Q Between November 7, 1986 -- 1985, excuse me -- the
18 evening meeting and the breakfast during the trip to
19 Washington and your receipt of this letter, had you had any
20 further communications with Colonel North?

21 A Only in the phone calls. I was requested by
22 Mr. Channell once in a while to call him to cheer him up and

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1 i 1 to find out how things were going. I may have done that
2 maybe twice.

3 Q And these phone calls, when you called to cheer
4 him up or find out how things were going, did you discuss
5 Nicaragua or any similar situations?

6 A No.

7 Q Obviously the letter is expressing its
8 appreciation for your support and your efforts, and those of
9 the National Endowment for the Preservation of Liberty.

10 If you go to the third paragraph, in particular
11 the last two sentences in that paragraph, it reads: "In the
12 weeks ahead, we will commence a renewed effort to make our
13 assistance to the Democratic Resistance Forces even more
14 effective. Once again your support will be essential."

15 How did you understand you were to provide your
16 support to the Nicaraguan Resistance?

17 A There was no particular emphasis on anything that
18 I can recall.

19 Q Did you understand that your support will be
20 essential to be a reference to the support that you had
21 previously given to the National Endowment for the
22 Preservation of Liberty?

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- 1 A Yes.
- 2 Q And in speaking of continued support, did you
- 3 understand that to mean that your continued support of the
- 4 National Endowment would be essential?
- 5 A Yes.
- 6 Q There came a time in, I believe, early 1986, did
- 7 there not, when Mr. Channell had your phones swept for
- 8 surveillance devices; is that right?
- 9 A That's right.
- 10 Q Can you tell me how that came about?
- 11 A He just suggested that it might be a good idea for
- 12 me to have it done. I really didn't question why he thought
- 13 it would be, but if he wanted to do it, it was all right
- 14 with me.
- 15 Q Did it seem like an unusual request from your
- 16 standpoint?
- 17 A Yes.
- 18 Q Had you ever had it done before?
- 19 A No.
- 20 Q Have you ever had it done since?
- 21 A No.
- 22 Q Can you recall anything further about the

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1 conversation as to why it was necessary to sweep your
2 phones?

3 A It really was not gone into. Just a suggestion.

4 Q What brought it about? Was there any meeting that
5 was coming up, a visit by anyone, or did this just come out
6 of the blue?

7 A Out of the blue.

8 Q Had you at that point been having telephone
9 conversations with Colonel North?

10 A Only the ones that I referred to.

11 Q Did he indicate that he was doing this at the
12 suggestion of anyone? That he was sweeping your phones at
13 the suggestion of anyone?

14 A No.

15 Q And the National Endowment for the Preservation of
16 Liberty did in fact pay for the sweep, did it not?

17 A Yes.

18 MR. HORGAN: In terms of your last question,
19 Mrs. Newington learned who paid for it recently. She did
20 not really have any understanding at the time.

21 BY MR. MC GOUGH:

22 Q You were not responsible for paying for it; is

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1 that right?

2 A That's right.

3 MR. MC GOUGH: Let's mark this as Exhibit No. 5.

4 (Deposition Exhibit No. 5

5 identified.)

6 MR. MC GOUGH: Would you care to take a break for

7 a few minutes?

8 MR. HORGAN: Maybe in a little while. She is not

9 used to this.

10 MR. MC GOUGH: I understand. As soon as you feel

11 that might be helpful, just let me know.

12 BY MR. MC GOUGH:

13 Q Now, we have marked Exhibit 5, which is again a

14 document produced by your counsel and it reflects a

15 transaction at the Hay-Adams Hotel in Washington on

16 February 28, 1986.

17 Did you in fact visit Washington and stay at the

18 Hay-Adams at that time?

19 A That's correct.

20 Q And can you recall the purpose of that trip?

21 A That was the second visit to the President.

22 Q How did that come about?

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1 A That again was arranged by Mr. Channell.

2 Q Did he explain why it had been arranged?

3 A No.

4 Q He, in effect, invited you to come down and attend

5 this -- or visit the President; is that right?

6 A That's right.

7 Q Can you tell me what happened when you traveled

8 to Washington?

9 A This time I came down by train with members of my

10 family.

11 MR. HORGAN: Bear with me a moment.

12 (Counsel and the witness confer.)

13 THE WITNESS: Yes, sir. I came down on the train

14 with my sister, brother-in-law, and my daughter.

15 BY MR. MC GOUGH:

16 Q And who met you, if you recall?

17 A Mr. Smith. Cliff Smith.

18 Q I note on there that there is an Amtrak entry.

19 that might be the train tickets.

20 Where did Mr. Smith take you?

21 A To the hotel.

22 Q And had you met Cliff Smith prior to that?

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1 A No.

2 Q It was the first time you met him?

3 A (Nods in the affirmative.)

4 Q But he had corresponded with you before that; is

5 that right?

6 A On the phone; yes.

7 Q What happened when you got to the hotel? Was

8 there anyone else there?

9 A Not at that moment, but eventually I was met by

10 Mr. Channell.

11 Q What happened next?

12 A I believe that was the afternoon that I went to

13 see the President.

14 Q Can you tell me how that came about?

15 A Yes. I think Mr. Channell took me over to the

16 White House again and I met Colonel North at that time. He

17 was planning to take me in. There was a long wait before I

18 could see the President. He was very, very busy.

19 And Colonel North couldn't wait any longer and he

20 departed. And I went in, but I don't think anybody took me

21 in this time. I just started to go in, and it was a very

22 brief meeting, and we exchanged thank-you's again. And he

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1 .1 1 handed me a jar of jelly beans and said to give this to my
2 daughter, and I handed him a book and said I had something
3 for him to give him some strength. It was a little
4 spiritual book of some kind. And that was it.

5 Q You say you exchanged thank-you's. What did you
6 thank President Reagan for, if you remember?

7 A Just for taking the time to see me.

8 Q Do you recall what he thanked you for?

9 A Again, nothing.

10 Q Did the subject of Central America come up at all?

11 A No.

12 Q When you were waiting with Colonel North, do you
13 recall what discussions you had with him?

14 A We talked about many surface things; nothing about
15 the problems.

16 Q Nothing that you recall about the contras or
17 Nicaragua?

18 A No.

19 Q What happened after you left the President's
20 office?

21 A It must have been dinner time again. We went back
22 to the hotel and had dinner again. I think this was with

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1 i 1 Mr. Miller, Mr. Channell, and Mr. Conrad. We all had dinner
2 again together.

3 Q Did Colonel North appear that evening?

4 A Not that evening; no.

5 Q What was the subject of discussion that evening,
6 if you can recall?

7 A Nothing terribly terribly important as I can
8 recall.

9 Q Did you discuss Nicaragua, if you remember?

10 A We must have touched on it, of course. I really
11 can't remember specifics.

12 Q Do you recall any specific needs of the contras
13 being discussed at that meeting?

14 A I would assume that there must have been.

15 Q But you don't recall specifics?

16 A I just don't recall.

17 Q Did you have any further meetings after dinner
18 that evening?

19 A No.

20 Q How about the next day?

21 A This is where I think the breakfast came in, the
22 breakfast with Colonel North. It was not the time before,

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1 .i

1 but I think it was this time.

2 / Q And the breakfast you described before is the one
3 you at first took place on November 8th, after your first
4 meeting with the President, but now you think it took place
5 this time?

6 A I believe that's correct.

7 Q And I believe we covered the topics that were
8 discussed. Does the change in time change your recollection
9 of what was discussed?

10 A Just one thing we may have added to that now is
11 his visit; coming up to visit because he was very tired and
12 exhausted. [REDACTED] might like to
13 come [REDACTED].

14 I do think we discussed that.

15 Q Mrs. Newington, the records you gave to us
16 indicate -- I am not going to mark this as exhibit -- but
17 indicate on March 27, 1986 you made a contribution of
18 \$142,000. And you can look at the check just to refresh
19 your recollection.

20 (Document handed to the witness.)

21 BY MR. MC GOUGH:

22 Q Was that the check, or was that -- if you

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1 recall -- the check that was targeted for spotter or
2 reconnaissance planes?

3 A It could very well have been, but I am not
4 absolutely certain.

5 Q You can't, as you sit here today, be certain
6 whether or not that is the --

7 A Not really.

8 Q Do you know how long before you made a
9 contribution for the planes, you were first advised of the
10 need? Was this something they told you about and you kept
11 in the back of your mind for a while until you made a
12 contribution; or did they tell you about it and you turned
13 around and made a contribution?

14 A I think they told me and shortly thereafter I
15 contributed.

16 Q Let's move, if we could, to Colonel North's visit
17 to your home. The records that have been provided to us
18 seem to indicate that that took place in early May of 1986.
19 And let me show you the records.

20 I am citing for that, the first we will mark as a
21 deposition exhibit. This is not a record that you provided
22 to us. Deposition Exhibit 6 is a telephone message, written

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1 1 1 at the offices of NEPL, dated May 2, 1986, that in the lower
2 left-hand corner includes directions to your home.

3 (Deposition Exhibit No. 6
4 identified.)

5 MR. MC GOUGH: And then the calendar we have from
6 your records --

7 MR. HORGAN: Just for my information -- this is
8 the first time I've seen the document -- is this a telephone
9 message to someone that you could identify?

10 MR. MC GOUGH: The telephone message appears to be
11 to Angela from Mrs. Newington. And it's giving directions
12 to Mrs. Newington's home.

13 This is a document that will be Exhibit 7 from
14 your files, Mrs. Newington.

15 (Deposition Exhibit No. 7
16 identified.)

17 BY MR. MC GOUGH:

18 Q And if you will look at Saturday, May 3rd, and
19 Sunday, May 4th -- although the copy is not very good --
20 that appears to say North.

21 Are we correct in our assumption that Colonel
22 North's visit to your home took place on or about November

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1 .i 1 3rd and 4th -- I'm sorry, I mean May 3rd and 4th of 1988?

2 A Yes.

3 Q Can you tell me how the idea for that visit first
4 came about, whose idea it was?

5 A Well, as I mentioned, Mr. Channell having been to
6 my house -- we have a pool -- he thought it might be a
7 restful spot for him to come and just have a get-away. We
8 didn't know when it was going to happen. I talked about it
9 for quite a while.

10 Q How much notice do you recall receiving as to this
11 visit? Was this something that was planned weeks in
12 advance?

13 A Probably about a week in advance.

14 Q Had it been scheduled on other occasions and
15 postponed, or the first time it was scheduled did it
16 actually happen?

17 A No. The first time it was scheduled.

18 Q Who attended the weekend?

19 A Colonel North, his wife and two children,
20 Mr. Channell, Mr. Miller, and Mr. Conrad.

21 Q Did Mr. Channell, Mr. Miller, and Mr. Conrad bring
22 any family members, spouses or friends with them?

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1 :1

1 A No.

2 Q Do you recall how each of those people traveled
3 and arrived at your house?4 A Yes. Colonel North and his family came up by
5 plane to Westchester Airport and I picked them up and took
6 them to my house.7 [REDACTED] I
8 [REDACTED] And then

9 [REDACTED]

10 Q And you say Colonel North came up by airplane.
11 Did he come up by commercial air carrier?12 A I think it was a private plane. I couldn't be
13 absolutely certain about that. It was at an odd hour, and I
14 think it was a private plane.

15 Q Do you know who supplied the private plane?

16 A No.

17 Q Did you supply the private plane?

18 A No.

19 MR. MC GOUGH: That's probably a more direct way.

20 MR. HORGAN: I did not either.

21 BY MR. MC GOUGH:

22 Q Did you have any understanding with Colonel North

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1 or with Mr. Channell as to who would pay for this weekend --
2 expenses and that sort of thing?

3 A I had no idea.

4 Q When you say Mr. Channell and Mr. Conrad came up
5 in their plane -- I think that was the way you put it -- do
6 you know whether they came in a private plane or by
7 commercial carrier?

8 A No, by commercial. LaGuardia.

9 Q When did the group arrive? Was it on Friday or
10 was it on Saturday?

11 A Very late Saturday night.

12 Q When you say very late Saturday night, do you
13 recall what time?

14 A It must have been about 8 o'clock because we
15 didn't have dinner until about 9:30 or something.

16 Q And the dinner, can you describe how that was set
17 out, what kind of dinner it was?

18 A Yes. We went down to the Homestead Inn which is
19 only a block or two away from my house and had dinner --
20 children and all.

21 Q And who paid for that dinner?

22 A I did.

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1 11 1 Q Do you recall how much the dinner cost at this
2 point?
3 A Yes. I think it was somewhere between three and
4 four hundred dollars.
5 Q Did everyone in the group stay at your residence?
6 A Yes.
7 Q And they stayed there Saturday night; is that
8 right?
9 A Yes.
10 Q Let me back up for a moment.
11 At that dinner at the Homestead Inn, or as best
12 you can recollect, at any time on Saturday night were there
13 any discussions of Nicaragua or the contras?
14 A No.
15 Q Let's move to Sunday.
16 Can you tell me what the itinerary was on Sunday?
17 A Colonel North slept till about noon. The others
18 straggled down for breakfast, and we had a picnic about
19 2 o'clock, outside.
20 Q Do you recall Nicaragua or the contras being
21 discussed at any time on Sunday?
22 A No.

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1 Q Was there a time at the picnic on Sunday,
2 Mrs. Newington, when Mr. Channell in the presence of Colonel
3 North, and yourself and Mr. Miller brought up or asked a
4 question of Colonel North about the contras or support of
5 the contras?

6 Do you remember that?

7 A No. I remember only that we stayed very far away
8 from the subject because everybody was trying to take a
9 break and get away from it all.

10 Q I guess I am trying to focus on what may have been
11 a specific question addressed by Mr. Channell to Colonel
12 North that some members in the group felt was rather
13 inappropriate in light of the agreement that there would be
14 no business discussed over the weekend.

15 Do you recall anybody breaching that rule at any
16 point?

17 A No.

18 Q After the picnic on Sunday what, if anything,
19 occurred?

20 A The children went swimming. They left late
21 afternoon.

22 MR. MC GOUGH: Let me show you what has been

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1 1

1 marked as Deposition Exhibit 8.

2

(Deposition Exhibit No. 8

3

identified.)

4

(Document handed to the witness.)

5

BY MR. MC GOUGH:

6

Q This is a document produced by your counsel.

7

Do you recognize this letter, Mrs. Newington?

8

A Yes, I do.

9

Q Can you tell me what it is?

10

A It's a little thank-you note from Mrs. North.

11

Q And her name is Betsy.

12

A Betsy.

13

Q And it refers to the weekend that they just had?

14

A Yes.

15

Q And the date on it is May 12, 1986; is that right?

16

A That's right.

17

Q There is a reference on this to a "Larry." I see

18

it at -- if you turn it vertically, you can see a reference

19

to a "Larry" here and I think it turns up as well -- it's

20

got "Larry" here. I think there's at least one other

21

reference to "Larry." Let me look here.

22

I think if you look at the first paragraph of the

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letter, it says in parens, "I think Larry would have slept all day if Dornin hadn't insisted he get up."

A That's her husband. Larry. She refers to him as Larry.

Q It threw me for a bit of a loop.

MR. HORGAN: Who refers to whom as Larry?

THE WITNESS: Betsy refers to her husband as Larry.

BY MR. MC GOUGH:

Q So that was a reference that you -- let me put it this way. You did not understand that to be a code name for Colonel North?

A No.

Q Do you know if that's his middle name?

A Yeah, I think it is. I'm not absolutely sure, but it must be.

MR. REARDON: Oliver L.

BY MR. MC GOUGH:

Q And Dornin is one of their children?

A Yes.

MR. MC GOUGH: Why don't we take a brief break and that will allow me to sort through this stuff.

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(Brief recess.)

2

MR. MC GOUGH: Why don't we go back on the record?

3

BY MR. MC GOUGH:

4

5

6

Q Mrs. Newington, let me ask you a little bit about the transition in Western Goals when Mr. Channell took over the organization.

7

8

9

Am I correct that you were, if not instrumental, at least part of the process of persuading Mr. Channell to take on Western Goals?

10

A That's right.

11

12

13

Q Can you tell me, did you have some kind of agreement or arrangement with him or understanding as to what you might do if he did in fact take on Western Goals?

14

15

16

17

A Yes. He asked if I would stick with it for about a year until he got it going, and I said I would. They had debts to pay off and I helped them with that. And that's about it.

18

19

20

21

Q And for that year, during which you promised to stick with it, did they provide you with -- did they notify you of the amounts of money they needed to continue the project?

22

A Yes.

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1 Q And did you do your best to fulfill the
2 organization's needs?

3 A Yes.

4 Q Did you ever understand Western Goals to have a
5 role in or relationship to the Nicaraguan contra issue?

6 A No.

7 Q So to the extent that there were discussions of
8 the needs of the contras or the situation in Nicaragua,
9 those would have been centered on NEPL or Mr. Channell's
10 other organizations as opposed to Western Goals?

11 A That's correct.

12 Q And to the extent that your money was contributed
13 to Western Goals, you understood that money to be used for
14 something other than the Nicaraguan Resistance?

15 A Yes.

16 Q Did Mr. Channell and Mr. Conrad visit your home in
17 Connecticut?

18 A Yes.

19 Q Can you tell me on what occasions, not necessarily
20 dates, but if you can put it in any kind of context that
21 would be helpful.

22 A It's almost impossible to. I would just be

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1 i 1 guessing.

2 Q Can you tell me how many times they came, to the
3 best of your recollection, setting aside the time they came
4 with Colonel North?

5 A Probably about twice together, and Mr. Channell
6 maybe once or twice by himself.

7 Q What were the purposes of those visits, as best
8 you can recall?

9 A To show me ads; to take a break. Just to keep my
10 interest up.

11 Q In the course of those visits to your home, did
12 Mr. Channell ever discuss Nicaragua with you or the contras?

13 A Not really.

14 MR. HORGAN: Are you talking about the ones with
15 Mr. Conrad at the moment?

16 BY MR. MC GOUGH:

17 Q Yes. We will focus on the ones with Mr. Conrad.

18 When Mr. Channell came with Mr. Conrad, what were
19 the purposes of those visits?

20 A That was really in reference to Western Goals.

21 Q How about when Mr. Channell came by himself? Do
22 you recall him discussing Nicaragua?

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1 A Only in showing me the ads they were putting in,
2 the lobbying situation; yes.

3 Q The records you have produced for us,
4 Mrs. Newington, show a series of contributions in the first
5 part of 1985 totaling approximately a little over \$200,000
6 to a ACTSEF, American Conservative Trust State Election
7 Fund.

8 The records also show acknowledgments of those
9 contributions received from the National Endowment for the
10 Preservation of Liberty.

11 Let me show you an example. My question may
12 become clear in a moment. I don't think it's necessary to
13 mark all these as exhibits because my question is really one
14 of explanation, not of identification.

15 But if you compare some of the records that you
16 produced to us, you have, for example, a check -- let me see
17 if I can find one.

18 MR. HORGAN: January 14 or 15, \$33,800.

19 BY MR. MC GOUGH:

20 Q Here's one, for example. Let's do this one. We
21 have a check made to the American Conservative Trust,
22 January 14, 1985, in the amount of \$33,800. And then we

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1 1

1 have an acknowledgment letter dated February 28, 1986,
2 approximately a year later from the National Endowment for
3 the Preservation of Liberty, acknowledging 33,800 to the
4 National Endowment.

5 Just so you are with me here, there are a series
6 of acknowledgment letters, all dated February 28, 1986, all
7 of which acknowledge gifts to the National Endowment,
8 including a number of gifts where the checks were actually
9 written to the American Conservative Trust State Election
10 Fund.

11 Do you know, first of all, why these
12 acknowledgments were sent and, secondly, why they were
13 acknowledged as gifts to the National Endowment when it
14 would appear that the checks were originally written to the
15 American Conservative Trust State Election Fund?

16 A I don't know why. I don't know.

17 Q Did you request the acknowledgments from NEPL?

18 A Yes, I did.

19 Q Did you do that as a matter of course or routine,
20 or did you specifically at some time request NEPL to provide
21 you with acknowledgments?

22 A I had asked them every time if they would. I

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1 (i 1 think they just decided to lump them all together, you know.

2 Q The acknowledgments that we have been examining
3 are dated in some cases a year or more after the actual
4 contributions were made. And there's a whole series of them
5 dated February 28th.

6 Did you request them for tax purposes in 1986, do
7 you know?

8 A There was no particular reason, except I knew I
9 should have them for tax purposes.

10 Q On matters like this, did you deal directly with
11 the people at NEPL or did your accountants -- did you have
12 accountants or people who might have made requests on your
13 behalf?

14 A No. I dealt directly.

15 Q And as you sit here today, do you have any
16 recollection at all as to why a contribution might have been
17 made to ACTSEF and an acknowledgment might have been
18 received from them?

19 A I don't know.

20 MR. HORGAN: Mr. McGough, I would like the record
21 to indicate that you are correct that the payees on all the
22 checks in question here was the ACTSEF, and although the

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1 .i 1 acknowledgments dated February 28, 1986 came from NEPL,
2 Mrs. Newington deducted none of these contributions on her
3 federal or state tax returns.

4 MR. MC GOUGH: That was going to be really my next
5 line of inquiry was looking at your tax returns,
6 Mrs. Newington.

7 BY MR. MC GOUGH:

8 Q There were some contributions made to NEPL and
9 other Channell-related organizations that you deducted and
10 some contributions that you did not deduct, including a
11 number of the contributions which went in on ACTSEF checks
12 and were acknowledged on NEPL as contributions to NEPL.

13 Can you explain to me why you drew that
14 distinction, why you deducted some of these matters but not
15 others?

16 A I knew that the -- I was sure of the National
17 Endowment being tax deductible. The others I was not
18 totally sure of. And I didn't need to take deductions; I've
19 got such a big carryover anyhow. So I just didn't put them
20 in as deductions.

21 Q As to your contributions to the National
22 Endowment, do you know if there were any places where you

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1 made contributions to the National Endowment and then
2 decided not to deduct that amount from your income tax?

3 A Yes. There could have been some that I have not
4 deducted.

5 Q And why would you have not deducted those?

6 A Well, as I say, such a big carryover, it's almost
7 foolish to put it in.

8 Q But was there anything about specific
9 contributions to NEPL that you viewed as deductible or not
10 deductible?

11 MR. HORGAN: Can I have the last question read
12 back?

13 MR. MC GOUGH: Sure. I'll repeat it.

14 BY MR. MC GOUGH:

15 Q Was there anything about specific contributions to
16 NEPL that you viewed as making them either deductible or
17 non-deductible? Did you distinguish among your
18 contributions to NEPL in any way?

19 A No.

20 Q So that it wasn't a situation where some of the
21 contributions you were making to NEPL you considered
22 deductible because they were made for one purpose, whereas

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1 :i 1 other contributions were made for other purposes and were
2 not deductible?

3 A No.

4 MR. HORGAN: Perhaps to clarify the record, one of
5 your earlier questions in effect assumed, the way you
6 phrased it, that she made a decision not to deduct some of
7 the NEPL contributions, and I think her answer was in the
8 affirmative. But I think her subsequent testimony has
9 indicated that she did not make a decision to do so as
10 such.

11 You may wish to inquire.

12 MR. MC GOUGH: I guess my question was -- and I
13 guess I would have to check the records -- but my question
14 was whether there were contributions made to NEPL, checks
15 perhaps or stock given to NEPL, that were not reflected as
16 deductions on her tax returns.

17 MR. HORGAN: That is correct. The records reflect
18 that.

19 MR. MC GOUGH: Perhaps decision was inartful. I
20 guess what I was trying to illustrate was there were in fact
21 some contributions made to NEPL that were deducted and some
22 contributions made to NEPL that were not deducted.

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1 MR. HORGAN: That is correct.

2 MR. MC GOUGH: The records bear that out.

3 MR. MC GOUGH: My next question is why the
4 distinction? And Mrs. Newington explained she doesn't need
5 the loss carryover, but I was still interested in why she
6 would deduct in some cases and not deduct in others; why she
7 made a distinction.

8 BY MR. MC GOUGH:

9 Q Do you feel the record is clear on that?

10 A I can't think of any particular reason, except
11 perhaps tax-wise is all.

12 MR. HORGAN: Just one moment.

13 (Counsel for the witness confer.)

14 MR. HORGAN: In the course of preparing for this
15 deposition and other inquiries, I had occasion to look at
16 the records and talk with Mrs. Newington about the subject
17 matter of your question, and I think it was inadvertent that
18 some -- as opposed to an affirmative decision or a negative
19 decision as opposed to a decision, I think it was
20 inadvertent that certain contributions to NEPL were not
21 deducted or not reported to her accountant for purposes of
22 taking a deduction.

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2 .i 1 Mrs. Newington did not -- kept a folder of her
2 separate contributions, and I gather on an annual basis
3 provided information to her accountant.

4 Just one moment.

5 (Counsel for the witness confer.)

6 MR. HORGAN: Off the record.

7 MR. MC GOUGH: Let me finish up.

8 MR. HORGAN: This is on the same subject of who
9 made what decision.

10 MR. MC GOUGH: Why don't you jot a note and then
11 do it at the end because I just have a couple of questions.

12 (Discussion off the record.)

13 BY MR. MC GOUGH:

14 Q Mrs. Newington, did you ever hear a reference by
15 Mr. Channell or anyone associated with him to the Toys
16 Project or Project for Toys?

17 A No.

18 Q Were you ever solicited or asked to contribute to
19 an account to provide toys -- to provide toys to the
20 children of the Nicaraguan freedom fighters?

21 A No.

22 Q Did anyone ever ask you to refer to Colonel North

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1 i 1 by another name?

2 A Yes.

3 Q In what context did that arise?

4 A Green. Mr. Green.

5 Q Who asked you to do that?

6 A Mr. Channell.

7 Q Do you recall when he asked you to do that? When
8 was the first time he raised that with you?

9 A He never mentioned it, except he would use the
10 word, and so I just gathered that that's what they would
11 like to use when talking on the phone or something.

12 Q When you mentioned or spoke of Colonel North with
13 Mr. Channell, did you also use the name Mr. Green?

14 A I always avoided it somehow.

15 Q You mean you avoided trying to refer to him by any
16 name at all?

17 A Yes.

18 Q Did you ever ask Mr. Channell why you were using a
19 code name for Mr. North?

20 A No.

21 (Discussion off the record.)

22 MR. MC GOUGH: Back on the record.

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BY MR. MC GOUGH:

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Q Were you aware of any other code names that were

3

being used by the NEPL people?

4

A No.

5

MR. MC GOUGH: I think that's all I have.

6

Why don't you go ahead, before Tom and Ken clean

7

up a little bit, why don't you go ahead and ask your

8

questions?

9

EXAMINATION

10

BY MR. HORGAN:

11

Q Mrs. Newington, when you found yourself giving to

12

charitable organizations, did you inquire, either orally or

13

by letter, as to their tax-exempt status from time to time?

14

A Yes, I did.

15

Q And did your donee organizations occasionally

16

provide you with letters, copies of letters from the IRS

17

relating to their tax status?

18

A Yes.

19

Q And did Mr. Channell do so on a number of

20

occasions?

21

A Yes.

22

Q Have you produced, included among the documents

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1 :i 1 that we produced in the response to the subpoena and the
2 court immunity orders, those letters which you did receive
3 from Mr. Channell relating to the tax status of his
4 organizations?

5 A Yes.

6 Q Can you tell us from your memory how it was that
7 you learned what you should do in making tax-deductible
8 gifts; from whom you learned this over the years?

9 A That was from my husband, because this had been a
10 pattern that we had followed for many years.

11 Q And that pattern was to do what?

12 A Well, to always get a support letter of the tax
13 deductibility of whatever you give to.

14 Q On an annual basis, did you make available what
15 records you had to your accountant in response to his
16 inquiries?

17 A Yes.

18 (Counsel for the witness confer.)

19 BY MR. HORGAN:

20 Q And was the same general procedure followed by you
21 with respect to the donations over the recent years that you
22 made to other non-Channell organizations?

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1 i 1 A Say that again, please.

2 Q Did you follow the same procedures in recent years
3 with respect to non-Channell organizations?

4 A Oh, yes.

5 Q You mentioned your charitable carry forwards. I
6 take it, then, that over recent years you made substantial
7 other charitable donations having nothing whatever to do
8 with Mr. Channell or any of his organizations?

9 A That's correct.

10 MR. HORGAN: No further questions.

11 EXAMINATION

12 BY MR. FRYMAN:

13 Q Mrs. Newington, I have a few questions. You have
14 testified about contributions that you've made to various of
15 Mr. Channell's organizations. And as to some of those
16 organizations you took tax deductions, and others you did
17 not; is that correct?

18 A That's correct.

19 Q In your discussions with Mr. Channell when he
20 would call you seeking a contribution, he would specify
21 which organization he would like the contribution to go to;
22 is that correct?

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1 A That's right.

2 Q Did you ever authorize Mr. Channell in any way to
3 transfer the contribution you had made to one of his
4 organizations to another of his organizations?

5 A No.

6 Q You have spoken this morning about discussions
7 with Mr. Channell and Colonel North about a contribution
8 that was to be used for construction of an airfield and the
9 purchase of a reconnaissance plane; is that correct?

10 A That's correct.

11 Q Were you ever told by Colonel North that your
12 contribution was used for that purpose?

13 A Never specifically; no.

14 Q What was said by Colonel North with regard to
15 that?

16 A Oddly enough, I don't think I ever heard that this
17 amount was used for that. I don't think I ever heard that.
18 I just assumed that whatever I gave went where it went.

19 Q Did Mr. Channell ever say anything about the use
20 of those contributions?

21 A No; except for things, particular ads in papers or
22 television spots or something.

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1 Q Do you know if the reconnaissance plane was ever
2 purchased?

3 A I have no way of being absolutely certain; no.

4 Q Did anyone ever give any indication to you that it
5 was purchased?

6 A No.

7 Q Did anyone ever give any indication to you that
8 there was any money spent on an airfield?

9 A No, not really.

10 Q Mrs. Newington, were there any funds transferred
11 to you in any way which were then used for you to make a
12 contribution to one of Mr. Channell's organizations?

13 A No.

14 Q Was there ever any discussion of any transfer of
15 that sort?

16 A No.

17 Q You mentioned that you requested from
18 Mr. Channell, I believe, some documentation as to the
19 tax-exempt status of certain of his organizations, and you
20 received such documentation.

21 Did you have any other communications with
22 Mr. Channell or with anyone in his organization about the

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1 1 tax deductibility of your contributions?

2 A No.

3 MR. HORGAN: Just a moment.

4 (Counsel confers with the witness.)

5 MR. HORGAN: Your question, I believe, was whether
6 there was -- in effect, your question was any other
7 communications besides the letters that have been referred
8 to and which we produced, and I think the witness could add
9 to her answer.

10 THE WITNESS: Yes. Telephone calls, discussions
11 on the telephone.

12 BY MR. FRYMAN:

13 Q Were these discussions with Mr. Channell?

14 A Yes.

15 Q What did he tell you in these discussions?

16 A Well, for instance, if I asked him for the
17 501(c)(3) of NEPL, he would say "Certainly." And I received
18 it. I was sent it and I received it. Nothing much more
19 than that.

20 I mean if I requested it on the phone, he would
21 see that I received it.

22 Q Was there any discussion with Mr. Channell as to

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1 the tax deductibility of any particular contribution that
2 you were making?

3 A No.

4 Q Did he ever tell you that any of your
5 contributions could not be deducted on your tax returns?

6 A Yes. There was something like the Sentinel. A
7 few of the state election funds were not deductible. He
8 made me aware of that.

9 Q Did you discuss with Mr. Channell the
10 deductibility of the contributions for the airfield and the
11 reconnaissance plane?

12 A No, because it was given to -- I mean the
13 contribution was given to the NEPL, and that's all that it
14 meant to me.

15 Q What was your conclusion from the fact that it was
16 given to NEPL about the tax deductibility?

17 A Well, I assumed that it was definitely tax
18 deductible. I have the 501(c)(3) letter.

19 Q Did he instruct you to make the contribution for
20 these purposes to NEPL?

21 A Yes.

22 Q Can you identify, Mrs. Newington, the particular

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1 contributions that you made for these purposes? That is,
2 the construction of the airfield and the reconnaissance
3 plane.

4 A I really can't pinpoint, you know, this check went
5 for that. It's very hard to do.

6 Q In your answers to Mr. McGough's questions, you
7 referred to a number of meetings with Mr. Channell and
8 Colonel North, and there were references during certain of
9 these meetings to weapons for the Resistance in Nicaragua.

10 And I believe at the beginning of the deposition,
11 you mentioned that that was one of the subjects that had
12 come up.

13 Focusing on that particular area of discussions, I
14 would like to go back and review the meetings, beginning
15 with your first recollection of discussion of weapons of any
16 sort with Mr. Channell or Colonel North.

17 What was the first occasion?

18 A The briefing with Colonel North.

19 Q When was that?

20 A That was June 25th, I think.

21 Q June of 1985 briefing?

22 A Uh-huh.

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1 xi 1 Q And what did he say in that briefing about
2 weapons?

3 A Only to mention the name, that they needed
4 weapons; that it was a very important part of their
5 equipment.

6 Q Did he specify any types of weapons?

7 A Not to me; no.

8 Q Did he mention ammunition?

9 A No.

10 Q Grenades?

11 A No.

12 Q Mines?

13 A No.

14 Q Did he mention any dollar amount needed to
15 purchase weapons?

16 A No.

17 Q After the briefing with Colonel North, you met
18 with Mr. Channell; is that correct?

19 A Yes.

20 Q Now, did Mr. Channell say anything about weapons
21 following that briefing?

22 A No. You mean to ask me for money for weapons or

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ki 1 something?

2 Q Or was there any reference to the briefing and
3 Colonel North's reference to weapons?

4 A No, not particularly. There was reference to the
5 briefing because we talked about what was said, but nothing
6 pertaining particularly to weapons.

7 Q When was the next occasion the weapons were
8 mentioned either by Mr. Channell or Colonel North?

9 A It never was to me particularly.

10 MR. HORGAN: I think a clarification would be that
11 she has testified earlier today that at various times during
12 these solicitations made by Mr. Channell, the subject of
13 equipment, supplies, or food and weapons would be included
14 in that list. And I think it was mentioned on more than one
15 occasion by Mr. Channell, and that during various of the
16 solicitations it may have been mentioned.

17 So when you say "never," it's a question of never
18 saying never. I think it did come up on more than one
19 occasion following the initial briefing. I think some of
20 her testimony earlier today may have referred to that.

21 BY MR. FRYMAN:

22 Q Other than the references that you made earlier

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1 today to discussion of weapons, Mrs. Newington, can you
2 recall any other discussion?

3 A No.

4 Q Mrs. Newington, Mr. McGough asked you several
5 questions about the Western Goals organization and you had
6 been an active supporter of that for a number of years; is
7 that correct?

8 A That's correct.

9 Q Now, the Executive Director of that organization,
10 or the person in charge of the organization had been a woman
11 named Linda Guell; had it not?

12 A That's correct.

13 Q Did she continue with the organization after
14 Mr. Channell assumed control of it?

15 A Yes, for a very brief time.

16 Q And then was she replaced, or did she resign or
17 what?

18 A She resigned, and she was not replaced as far as
19 know.

20 Q Did she start another organization?

21 A No. She just went to another job.

22 Q Have you had any contact with [REDACTED] since

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1 she left Western Goals?

2 A Well, in the beginning when she left, she would
3 keep in contact with me; yes.

4 Q What was the nature of that contact?

5 A We had been friends, you see, for a long time
6 because of Congressman MacDonald. So it was just a friendly
7 basis to keep me informed as to what her problems were and
8 what she was about to do, and her resigning from Western
9 Goals when Mr. Channell had it.

10 Q Did she comment in these conversations on
11 Mr. Channell?

12 A Yes. She was not happy to be working for him.

13 Q What did she say?

14 A That she had been relegated to the job, more or
15 less, of a secretary and she had not been used to that. She
16 just wasn't happy.

17 Q Did she have any specific criticisms about how
18 Mr. Channell was running the organizations?

19 A No. Not specifically. She was just not pleased
20 with his attitude to her. That's all.

21 Q Other than treating her like a secretary, what
22 examples did she give?

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1 :1

1 A I don't think there were any others. That was the
2 main thing that she really was upset about.

3 Q When was the last time you spoke with Linda Guell?

4 A Several months ago.

5 Q Was it in 1987?

6 A Yes. I think I had a chat with her in the
7 beginning of '87.

8 Q When was the last time you spoke with
9 Mr. Channell?

10 A The visit in New York in '87.

11 (Counsel and the witness confer.)

12 THE WITNESS: Yes. Phone calls and other matters
13 always on Western Goals. Western Goals was starting a new
14 project and he would call me particularly about that.

15 BY MR. FRYMAN:

16 Q When was the last time you spoke with him on the
17 telephone?

18 A It must have been probably March.

19 Q And the last time you met with him face to face
20 was when?

21 A I think that was early March.

22 (Counsel and the witness confer.)

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THE WITNESS: March 22nd.

2

BY MR. FRYMAN:

3

Q And did these meetings relate to a new fundraising

4

project?

5

A Yes.

6

MR. HORGAN: Meeting, singular.

7

BY MR. FRYMAN:

8

Q Meeting, singular. The meeting and telephone

9

conversation or conversations.

10

Did he say anything about the operations of NEPL

11

and the fundraising he had done with respect to Nicaragua?

12

A Not to me; no.

13

Q Have you spoken with Mr. Channell's attorneys?

14

A No.

15

MR. HORGAN: At what point in time does your

16

question go to?

17

MR. FRYMAN: Let's say any time in the last three

18

years.

19

(Coynsel and the witness confer.)

20

MR. HORGAN: Very recently, the same day that

21

Mr. Channell pleaded guilty in court, Mrs. Newington

22

received a telephone call from Alexia Morrison. Pursuant to

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1 my suggestion, Mrs. Newington simply referred Ms. Morrison
2 to me and I then received a telephone call from
3 Ms. Morrison; simply advised me so that I would learn first
4 from her rather than from the press of his guilty plea.

5 And I believe that the only conversation
6 Mrs. Newington had was a very brief one from Mr. Channel's
7 lawyer where she essentially referred Ms. Morrison to me.
8 That would have been the day that he made his plea.

9 BY MR. FRYMAN:

10 Q Mrs. Newington, other than this call that has been
11 described on the day of Mr. Channell's plea, have you had
12 any other meeting or telephone conversation or communication
13 of any sort with Mr. Channell's attorney during the last
14 three years?

15 A No.

16 Q When was the last time you had any communication
17 with Colonel North?

18 A The visit in May.

19 MR. HORGAN: Do you remember anything else?

20 THE WITNESS: Actually I don't.

21 MR. HORGAN: Just a moment.

22 (Counsel and the witness confer.)

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xi 1 MR. HORGAN: I reminded the witness that we have
2 produced at your request, pursuant to the subpoena, her
3 telephone bills that included some references to calls
4 placed to Colonel North's office from her residence. And I
5 believe Mrs. Newington did have occasion -- you may ask her
6 if you would care to -- to speak with Colonel North on the
7 telephone since the last time that she saw him, which was
8 the May '86 visit.

9 BY MR. FRYMAN:

10 Q Have you spoken with Colonel North on the
11 telephone since that visit, Mrs. Newington?

12 A Yes.

13 Q On how many occasions?

14 A Twice.

15 Q When was the first occasion?

16 A I don't remember the exact time, but I know that I
17 spoke to his wife. That was one call. I actually hadn't
18 spoken to him; I spoke with her.

19 And the second call, I guess, was speaking to
20 him.

21 Q The call with his wife -- was that call before or
22 after Colonel North resigned?

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1 1

1 A After.

2 Q And the call with Colonel North, was that before
3 or after he resigned?

4 A After.

5 Q Now, the call with Colonel North, what did he say
6 to you in that call?

7 A He said that -- he just mentioned how it was the
8 first time at least he was able to fix his roof on the house
9 and have a little -- rather refreshing for him to have this
10 time off, and that he was hopeful that everything would turn
11 out all right.

12 Q You called him; is that correct?

13 A Yes.

14 Q Did anyone suggest that you call him?

15 A Yes.

16 Q Who?

17 A Mr. Channell.

18 Q Did he give a reason why you should call him?

19 A Just to give him some support at this particular
20 time. Moral support.

21 Q And did you call him at his home?

22 A Yes. Well, I called his home to speak to Betsy;

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i 1 the second one was to his office. I spoke to him at his
2 office.

3 Q In this call with Colonel North, was there any
4 discussion about any of your contributions?

5 A No.

6 Q Was there any discussion about Nicaragua or the
7 Resistance?

8 A No.

9 Q In the second call with his wife, how would you
10 describe that call? Was it a social call?

11 A A social call.

12 MR. REARDON: Pardon me. Wasn't that the first
13 call?

14 THE WITNESS: The first was to her; yes.

15 MR. FRYMAN: In chronological order, the call to
16 the wife was first and then followed up with a call to the
17 office.

18 THE WITNESS: (Nods in the affirmative.)

19 MR. HORGAN: Could I ask just one simple
20 clarifying question?

21 Did you place the call to speak to Mrs. North or
22 to Colonel North? I gather you spoke to Mrs. North, but did

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1 1 1 you call, trying to reach --

2 THE WITNESS: Yes. Trying to reach him, and he
3 was not home. And so I spoke with her.

4 BY MR. FRYMAN:

5 Q What did she say in your call with her?

6 A Naturally, she was very disturbed. She, too, felt
7 that things would come all right.

8 Q Have you made any contribution to a defense fund
9 for Colonel North?

10 A No.

11 MR. FRYMAN: Mrs. Newington, I have no further
12 questions. Thank you very much.

13 Mr. Buck may have a few questions.

14 MR. BUCK: Mrs. Newington, I have no questions. I
15 just want to thank you very much for coming here today.

16 FURTHER EXAMINATION

17 BY MR. MC GOUGH:

18 Q Let me, at the risk of spoiling everything, let me
19 just cover two other letters to get them identified and find
20 out what the context was before we depart here. And we will
21 mark them as the final exhibits. I will give them both to
22 you and try to do them together.

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(Deposition Exhibit Nos. 9

and 10 identified.)

BY MR. MC GOUGH:

Q Mrs. Newington, I show you what have been marked as Exhibits 9 and 10, letters of July 11, 1985 and October 6, 1985 to you from Rolfo Calero, which were supplied by document production.

Do you recognize these letters?

A Yes, I do.

Q Did you in fact receive them from Mr. Calero?

A Yes, I did.

Q The July 11th letter refers to a trip to New York by Mr. Calero and also gratitude to Spitz Channell for an opportunity to get to know you.

Did you meet with Mr. Calero in New York?

A Yes, I did.

Q What was the purpose of that meeting?

A I believe Mr. Channell again arranged this meeting. I think that he just wanted me to be brought further into the Nicargaun picture and have direct contact with the man who was running the operations down there.

There was no solicitation of funds at that time.

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ci 1 Q Did Mr. Calero describe the needs of the contras
2 at that meeting?

3 A Yes.

4 Q Did he talk about both military and non-military
5 needs?

6 A To me it was all non-military.

7 Q After that meeting with Mr. Calero, did you ever
8 have occasion to speak with him again, either in person or
9 over the telephone?

10 A No.

11 Q You received what has been marked as Exhibit 10,
12 the October 6th letter, did you not? You ultimately
13 received a letter from him on October 6th; is that right?

14 MR. HORGAN: So that the record is clear, Exhibit
15 9, we believe, was received by Mrs. Newington through the
16 mails and we believe that Exhibit 10, which is the October
17 6th letter, was delivered to her by Mr. Channell or one of
18 his colleagues, and that he had in some fashion received it
19 from its author, Mr. Calero -- from its purported author,
20 Mr. Calero.

21 BY MR. MC GOUGH:

22 Q Had you had any communications with Mr. Calero

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1 leading up to the October 6th letter, other than the ones we
2 have discussed?

3 A No.

4 Q Were you surprised to receive that letter?

5 A Yes.

6 Q Why did you understand you had received it?

7 A Are you talking about this letter? (Indicating.)

8 Q Yes, the second letter, the October 6th letter.

9 A I gathered Mr. Channell must have told him of my
10 involvement and he was just thanking me.

11 Q Can you tell me what the Larry MacDonald Brigade
12 is?

13 A Yes. That was something that was formed just
14 because Mr. Calero and Congressman MacDonald had been
15 friends. And he was a great admirer -- Calero was a great
16 admirer of MacDonald and thought it would be a very nice
17 thing to name a task force after him.

18 Q By a task force, you mean a military unit; is that
19 right?

20 A That's right.

21 Q The October 6th indicates that you helped in
22 forming the Larry MacDonald Brigade; is that correct?

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- 1 A That's correct.
- 2 Q And how did you help?
- 3 A By contributing money through Mr. Channell. It
- 4 was all the same.
- 5 Q That was going to be my next question.
- 6 In order to form the Larry MacDonald Brigade, you
- 7 made your contributions through Mr. Channell?
- 8 A That's correct.
- 9 Q And that would be through NEPL; that wasn't
- 10 through a separate organization?
- 11 A No.
- 12 Q When you made contributions, did you earmark them,
- 13 at least with Mr. Channell, specifically for the Larry
- 14 MacDonald Brigade, or did you view all the contras as
- 15 essentially interchangeable and just made general
- 16 contributions?
- 17 A The latter is correct.
- 18 Q So you didn't earmark specific contributions for
- 19 the Larry MacDonald Brigade?
- 20 A No.
- 21 Q Did you understand that money being provided to
- 22 Mr. Channell would be used to buy -- at least part of the

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1 i 1 money would be used to buy supplies for the Larry MacDonald
2 Brigade?

3 A That's correct.

4 Q Did you ever understand that part of that money
5 would be used to buy arms for the Larry MacDonald Brigade?

6 A No. It was mainly uniforms. That's what I
7 understood.

8 Q And who told you that, if you can recall?

9 A Mr. Calero. Both of them.

10 MR. MC GOUGH: I have nothing further.

11 MR. FRYMAN: Nothing further.

12 (Whereupon, at 12:35 o'clock p.m., the taking of
13 the deposition was concluded.)

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CERTIFICATE OF NOTARY PUBLIC REPORTER

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I, KAREN N. ILSEMANN, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Karen N. Ilseman
Notary Public in and for the
District of Columbia

My Commission Expires FEBRUARY 14, 1991

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10 Oct 85

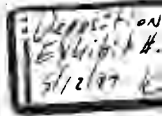
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BN

0191

THE WHITE HOUSE
WASHINGTON

October 10, 1985



Dear Mrs. Newington:

I want to take this opportunity to express to you my deep appreciation for the selfless, patriotic support you have provided so unflinchingly to this Administration and to our policies.

Among the most important of our policies, of course, is the promotion of liberty and democracy abroad. Your invaluable assistance for the cause of freedom, in helping to educate others and in actively supporting those who so much depend on us, is a credit to this great nation.

We are grateful for your commitment to that cause and for your continuing support.

God bless you for your steadfastness.

Sincerely,

Ronald Reagan

Mrs. Barbara Newington

Greenwich, Connecticut 06836

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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24 JAN 86

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

BN

0188

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January 24, 1986

Deposition
Exhibit #
5/12/87

Dear Barbara:

During 1985, the hope freedom and democracy in Nicaragua was kept alive with the help of the National Endowment for the Preservation of Liberty and fine Americans such as you. Because you cared, the spark of liberty still glows in the darkness of Nicaragua.

Without patriots like you, carrying out the President's policy of support for a democratic outcome in Nicaragua would have been even more difficult. Your efforts and those of the National Endowment for the Preservation of Liberty continue to play a crucial role in the democratic drama unfolding in Nicaragua. Your support has been essential to those who struggle against the tyranny and oppression of the totalitarian communist regime in Managua. You have given hope where there would otherwise be despair.

Last year was a challenging time for America and her President. But, we are headed in the right direction. Today, in all of Central America only Nicaragua is not a democracy. You can be proud that you have made a crucial contribution in helping our President in this vital endeavor. In the weeks ahead, we will commence a renewed effort to make our assistance to the Democratic Resistance Forces even more effective. Once again your support will be essential.

All my best for the New Year and God bless you.

Sincerely,



Oliver L. North
Deputy Director
Political-Military Affairs

Declassified/Released on 11 FEB 88
under provisions of E.O. 12958
* Johnson, National Security Council

5536

PRIVACY

Mrs. Barbara Newington
Greenwich, CT 06836

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11 Jul 85

 Deposition
 Exhibit #9
 8/12/85 K

FDN

FUERZA DEMOCRATICA NICARAGÜENSE

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BN

0185

July 11th, 1985

Mrs. Barbara Newington

Greenwich, Connecticut

 PRIVACY
 06836

Dear Mrs. Newington:

 My trip to New York was an inspiration. The Larry McDonald
 task force in British Columbia.

I am grateful to Spitz Channel for the opportunity to get
 to know you. Your support and patriotic contribution touches all
 of us.

We will not disappoint you, our countrymen or President
 Reagan. Freedom will return to Nicaragua because we believe God
 wants it there. God bless you.

Sincerely,



Adolfo Calero Portocarrero

 Partially Declassified/Released on 10 FEB 88
 under provisions of E.O. 12356
 by K. Johnson, National Security Council

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FUERZA DEMOCRATICA NICARAGUENSE

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0186

6 Oct 85
Deposition
Exhibit #10
9/12/87 KC

October 6, 1985

Mrs. Barbara Newington

Dear Mrs. Newington:

I am dictating this letter from our command center and have asked Mr. Channell to help get it to you.

You are a great lady and a true friend of the cause of freedom in Nicaragua. Your help in forming the Larry MacDonald Brigade touched us all. Without Americans like you we can not succeed.

We have begun a major push to unite the forces in the South with those fighting in the North. You will be proud to know that the Larry MacDonald Brigade is part of that effort.

We stand for Democracy in Nicaragua and your assistance stands as a shining example of Americans who have sacrificed to help us.

God bless you and we remain your constant admirers.

Sincerely,

Adolfo Calero

Adolfo Calero

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by K. Johnson, National Security Council

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 BY J. S. [illegible], National Security Council

NEGATIVE SESSION

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES



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EXECUTIVE SESSION

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EXECUTIVE SESSION

JOINT HEARINGS ON THE
IRAN-CONTRA INVESTIGATION

Wednesday, July 1, 1987

House Select Committee to Investigate
Covert Arms Transactions with Iran

and

Senate Select Committee on Secret Military
Assistance to Iran and the Nicaraguan Opposition

Washington, D.C.

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1 The select committees met, pursuant to call, at
2 5:10 p.m., in Room B-352, Rayburn House Office Building,
3 Hon. Dick Cheney (on behalf of the House Select Committee)
4 and Hon. Daniel K. Inouye (chairman of the Senate Select
5 Committee) presiding.
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1 Chairman Inouye. The Senate Committee will please
2 come to order.

3 In accordance with Committee Rule 2.1 I will entertain
4 a motion this hearing be closed to the public.

5 Mr. Rudman. Pursuant to Committee Rule 2.2, I move the
6 committee hearing be closed because the matters to be
7 discussed include matters of national security.

8 Chairman Inouye. I have the following proxies which
9 will become part of the record: Senator Sarbanes, Heflin,
10 Boren, Nunn, and my vote is also aye.

11 Mr. Rudman. I also have proxies from the following
12 Members: Senator Hatch, Cohen, and Senator McClure. I
13 also vote aye.

14 Chairman Inouye. Senator Mitchell?

15 Mr. Mitchell. Aye.

16 Chairman Inouye. Senator Tribble.

17 Mr. Tribble. Aye.

18 Chairman Inouye. The vote is unanimous in favor of
19 closing this hearing.

20 Mr. Sullivan. Mr. Chairman, I might record as well for
21 the limited purpose of this hearing, we have no objection
22 to it being in executive session. As explained yesterday,
23 our request to maintain open hearings still stands based
24 upon our earlier letter. But for the purposes of today's
25 session, we agree to have it closed.

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1 Chairman Inouye. I have another matter to bring up
2 while we are waiting.

3 (Discussion off the record.)

4 Mr. Cheney. Mr. Chairman, I move in light of the
5 sensitive nature of the material to be discussed, that we
6 meet in executive session.

7 Mr. Jenkins. Without objection from our side, we
8 have sufficient proxies, I think.

9 Chairman Inouye. Now you are in executive session,
10 the Senate and the House.

11 (Discussion off the record.)

12 Mr. Cheney. The committee will come to order.

13 For the sake of establishing a clear record --
14 we lack a Member on this side. Without a quorum, we can't
15 proceed. Will somebody check and make sure Mr. Jenkins
16 is on his way back?

17 Mr. Jenkins is now present. Still off the record.

18 (Discussion off the record.)

19 Mr. Cheney. Back on the record.

20 Colonel North, would you stand?

21 (The witness was sworn by Mr. Cheney.)

22 Mr. Cheney. Thank you.

23 The Chair recognizes the counsel for the House Select
24 Committee, Mr. Nields.

Mr. Sullivan. Excuse me. I think it would be appropriat

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1 to have the Senate swear him as well.

2 Mr. Cheney. We have only done it once for every
3 witness.

4 Mr. Sullivan. Would you mind doing it?

5 (The witness was sworn by Chairman Inouye.)

6 Chairman Inouye. Thank you.

7 Mr. Chairman. The Chair recognizes Mr. Nields.

8 Mr. Nields. Colonel North, this is a joint hearing
9 of the House and Senate Select Committees on Iran. The
10 subject of the question today -- which is being conducted
11 in executive session -- is -- the subject is the knowledge,
12 if any, of the President on the subject of the use of the
13 proceeds of arms sales to Iran for the Nicaraguan Resistance

14 I would ask you at the outset whether you have any
15 information on that subject?

16 Mr. North. Mr. Nields, I respectfully decline to answer
17 that question based on my Fifth Amendment rights against
18 self-incrimination.

19 Mr. Cheney. Colonel North, I hereby communicate to
20 you an order issued by the United States District Court for
21 the District of Columbia at the request of the House
22 Select Committee to Investigate Covert Arms Transactions
23 with Iran, providing that you may not refuse to provide
24 any evidence to this committee on the basis of your
privilege against self-incrimination and providing further

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1 that no evidence or other information obtained under the
2 order or any information directly or indirectly derived
3 from such evidence may be used against you in any criminal
4 proceeding.

5 Chairman Inouye. We are hereby communicating to you
6 a similar order obtained by the Senate Select Committee;
7 and on behalf of this committee, we join in the direction
8 to you, sir.

9 Mr. Cheney. Colonel North, I therefore direct you to
10 answer the questions put to you.

11 Mr. Sullivan. One clarification for the record so
12 that it is clear. We have requested that all proceedings
13 be open. We are agreeable to this short executive session
14 being closed but do not waive our future rights.

15 Secondly, the Colonel is here pursuant to the
16 compulsion of subpoena.

17 Thank you.

18 Mr. Cheney. Mr. Nielsds?

19 Mr. Nielsds. For the sake of convenience only, I
20 will be referring to the use of the proceeds of arms sales
21 to Iran for the support of the Nicaraguan Resistance as
22 the diversion or a diversion. Is that understood?

23 Mr. North. Yes, it is.

24 Mr. Nielsds. Do you have any information with respect
25 to the President's knowledge of the diversion; and I'm

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1 referring now to his knowledge prior to November 24, 1986?

2 Mr. North. Yes. I never personally discussed use of
3 the residuals or profits from sale of weapons to Iran and
4 the assistance therefor derived for the Nicaraguan Resistance
5 with the President. I never raised it with him and he
6 never raised it with me during my tenure at the National
7 Security Council staff.

8 Throughout, I assumed that he knew. I sought approval
9 by presenting these proposals to Admiral Poindexter; and
10 he subsequently authorized me to proceed. I assumed that
11 Admiral Poindexter had solicited and obtained the President's
12 approval for those actions.

13 To my recollection, Admiral Poindexter never told me
14 that he met with the President on this specific issue
15 or that he had discussed the use of residuals or profits
16 for use by the contras or the Nicaraguan Resistance with the
17 President or that he got the President's specific approval
18 for these activities; but throughout, I assumed that all
19 these things had occurred.

20 No other person ever told me that he or she ever
21 discussed the use of the residuals or profits from the sale
22 of these arms to the use of the Nicaraguan Resistance or
23 their support with the President.

24 In late November 1986, two other things occurred which
25 relate to this issue. On or about Friday, November 21st,

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1 I asked Admiral Poindexter pointedly, "Does the President
2 know?"

3 And he told me, "No, he did not."

4 And on November 25th, after I had left the White House
5 and been reassigned to the Marine Corps, a telephone call
6 from the President. In the course of that telephone
7 call, the President said to me, "I just didn't know," or
8 words to that effect. Those are the facts as I know them
9 or as relayed by others to me on this issue.

10 There is one other matter which I would raise or
11 should raise by way of clarification. After a meeting in
12 the summer of 1986, at which we discussed the \$100 million
13 authorized and appropriated by the Congress but not yet
14 forwarded to the President, and therefore not yet
15 available to the Resistance, on leaving a meeting at which
16 the President had been present, I said to Admiral Poindexter,
17 "It looks," -- words to the effect that "It looks like
18 the Ayatollah will have to help the Resistance in
19 Nicaragua a little bit longer," or words to that effect.

20 I do not believe that the President overheard that
21 comment. It was not intended for him. It was intended
22 for Admiral Poindexter.

23 Those, sir, are the facts as I know them.

24 Mr. Nields. I have a few specific follow-up questions,
25 Colonel North.

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1 You testified about a conversation with the President
2 on November 25th in which he said, "I just didn't know."
3 Was the diversion mentioned during that conversation?

4 Mr. North. The word "diversion" was not mentioned.
5 I assumed from the conversation that the President was
6 referring specifically to the fact that he did not know
7 about the fact that funds generated as a consequence of the
8 sale of arms materiel to Iran had been used to support the
9 Nicaraguan Resistance.

10 Mr. Nields. But I take it from your testimony that that
11 was an assumption; that subject matter was never specifically
12 discussed by either of you during the conversation?

13 Mr. North. The specific subject was not discussed,
14 Mr. Nields, but the whole conversation dealt with my
15 departure from the NSC. And the case thereof.

16 Mr. Nields. Just so we are clear, did either the
17 President or you make any reference during the conversation
18 to the use of the proceeds of the arms sales for the
19 Nicaraguan Resistance?

20 Mr. North. No.

21 Mr. Nields. But you understood in the context of the
22 situation that the words "I just didn't know" referred
23 to the diversion?

24 Mr. North. It was very clear to me that what the
25 President was referring to was the fact that I --

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1 Admiral Poindexter and I had left or been relieved, reassigned
2 as a consequence of the fact that he did not know about
3 the use of those funds to support the Nicaraguan Resistance.

4 Mr. Nields. Other than that conversation, did you ever
5 personally discuss the diversion with the President?

6 Mr. North. I did not.

7 Mr. Nields. Were you ever present when that subject
8 was discussed with the President?

9 Mr. North. I was not, aside from that one conversation
10 I had with the President on the 25th.

11 Mr. Nields. Has anyone ever told you that the
12 President was aware of the diversion?

13 Mr. North. No.

14 Mr. Nields. Have you ever discussed the subject of the
15 President's awareness of the diversion with anyone?

16 Mr. North. I have discussed it with Attorney General
17 Meese.

18 Mr. Nields. When was that?

19 Mr. North. On the 23rd of November, 1986.

20 Mr. Nields. Prior to that date had you ever discussed
21 that subject with Attorney General Meese?

22 Mr. North. I had not.

23 Mr. Nields. Anyone else?

24 Mr. North. Obviously Admiral Poindexter.

25 Mr. Nields. That was on November the 21st?

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1 Mr. North. Yes, and perhaps for a period of time
2 thereafter before I --

3 Mr. Nields. Had you ever discussed the subject of the
4 President's knowledge of the diversion with Admiral
5 Poindexter prior to November 21st?

6 Mr. North. Not that I recall.

7 Mr. Nields. Did you discuss that subject with anyone
8 else?

9 Mr. North. At any point in time?

10 Mr. Nields. Let's limit it to prior to November 24th,
11 1986.

12 Mr. North. Not that I recall.

13 Mr. Nields. Did you ever create any documents that
14 may --

15 Mr. North. If I may, let me, just to clarify. You
16 just said ever prior to November 24th. There was the issue
17 of a discussion I had with General Secord in which I
18 related to him that I had joked about it with the President.
19 But I have already discussed that.

20 Mr. Nields. Did you tell General Secord that you had
21 joked about the Ayatollah funding the contras with the
22 President?

23 Mr. North. Again I may have joked with him. I don't
24 deny that. I am simply saying I don't recall that discussion
25 with him, but I may well have joked with him about that

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1 aspect of it, yes.

2 Mr. Nields. Why would you joke with General Secord
3 or why would you tell General Secord that you had joked
4 with the President about the diversion if it wasn't true?

5 Mr. North. To keep him more enthusiastically engaged.
6 He was tired, frustrated. To keep him engaged in the
7 activity.

8 Mr. Nields. Did you discuss the subject of the
9 President's knowledge of the diversion with anyone else
10 prior to November 24, 1986?

11 Mr. North. Not that I recall, no.

12 Mr. Nields. Did you create and send up the line, so
13 to speak, documents which made reference to the use of the
14 proceeds of Iran arms sales for the benefit of the
15 Nicaraguan Resistance?

16 Mr. North. Yes, I did.

17 Mr. Nields. On how many occasions?

18 Mr. North. My recollection is that it would have
19 been five, perhaps six times.

20 Mr. Nields. And what occasioned your writing these
21 documents and sending them up the line?

22 Mr. North. Each time we had a proposal for transaction
23 from the Iranians, as a consequence of our meetings with
24 them, I would prepare a description of how the transaction
25 would take place, the consequences of it, and send those

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1 memos up to Admiral Poindexter.

2 Mr. Nields. And did these memos seek the President's
3 approval?

4 Mr. North. My recollection is that the memo would
5 have had an approval, disapproval recommendation line on
6 it asking for -- that the President approve this activity,
7 words to that effect.

8 Mr. Nields. This would be a line where one could
9 either check approve, or disapprove?

10 Mr. North. Admiral Poindexter could indicate approve
11 or disapprove. That is correct.

12 Mr. Nields. That is approved or disapproved by the
13 President?

14 Mr. North. No. I want to be specific. For example,
15 the line -- the recommendation line might read that you
16 discuss the activity proposed above with the President and
17 seek his approval. Then below that there would be
18 approve, disapprove, two spaces for an initial or a check.

19 Mr. Nields. Did those memoranda -- I take it you sent
20 those up the line, so to speak, to Admiral Poindexter.

21 Mr. North. It is my recollection that I did, yes.

22 Mr. Nields. And did they come back?

23 Mr. North. I cannot recall specifically that those
24 memoranda came back to me directly; but that would not
25 have been unusual under those circumstances, that this is

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1 a -- was a very sensitive, very closely compartmented
2 activity, but I always got an approval from the Admiral either
3 verbally or otherwise, proceed before the transaction took
4 place.

5 Mr. Nields. And I take it three of these transactions
6 did take place?

7 Mr. North. That is correct.

8 Mr. Nields. And you received approvals before they
9 went forward?

10 Mr. North. Yes, I did.

11 Mr. Nields. Did any of these memos come back?

12 Mr. North. Again, I do not recall specifically seeing
13 the memos come back to me with the boxes checked or initialed
14 by the Admiral.

15 Mr. Nields. What is your best recollection on that
16 subject?

17 Mr. North. I simply don't recall. They may well have.
18 It is entirely possible that they didn't.

19 Mr. Nields. Did you ever see any other documents
20 either created by you or some other person that made
21 reference to the diversion?

22 Mr. North. There were documents at the Central
23 Intelligence Agency, prepared by officers of the Central
24 Intelligence Agency.

25 Can I ask a question, if I may?

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1 Mr. Cheney. Colonel, if I may, at this point anything
2 that is classified, discussed in this setting would be
3 deleted before there would ever be a release of the
4 transcript.

5 Mr. North. I was concerned about the names.

6 There were memos prepared at the Central Intelligence
7 Agency beginning in the late summer, early fall which
8 related to information obtained by the Central Intelligence
9 Agency reflecting that monies raised as a consequence of
10 these arms transactions were indeed being used to support
11 the Nicaraguan Resistance.

12 Mr. Nields. Do you have any reason or do you have any
13 knowledge or information on the subject whether those
14 memoranda or any of those writings ever were brought to
15 the attention of the President?

16 Mr. North. I do not know.

17 Mr. Nields. Did you -- are there any other documents
18 of which you are aware that made reference or made
19 reference to the diversion?

20 Mr. North. Not that I know of.

21 Mr. Nields. Did you ever discuss the subject of the
22 President's knowledge of the diversion with Director Casey?

23 Mr. North. I do not recall addressing that issue
24 with the Director, no.

25 Mr. Nields. Did you ever discuss the subject of the

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1 President's knowledge of the diversion with Mr. McFarlane?

2 Mr. North. Not before the -- my recollection is that
3 the issue of the residuals or profits being used to
4 support the Nicaraguan Resistance as a subject was
5 discussed with Mr. McFarlane during May of 1986. At that
6 time, we did not raise the issue -- neither of us raised
7 the issue of whether or not the President had approved it.
8 I believe that subsequent to my discussion with the Attorney
9 General on the 23rd of November, I talked to Mr. McFarlane,
10 as I did to Admiral Poindexter, and told them what I had
11 told the Attorney General. And part of what I told them
12 was that the Attorney General had asked me about the
13 President's knowledge and I told them that I told him I
14 had no idea whether or not the President knew about it.
15 That he didn't know about it from me.

16 Mr. Nields. Did you have any other discussions with
17 Mr. McFarlane on the subject of the President's knowledge
18 of the diversion?

19 Mr. North. I don't think so.

20 Mr. Nields. Did you have any conversations with
21 Mr. Regan on the subject of the President's knowledge of
22 the diversion?

23 Mr. North. No.

24 Mr. Nields. Did you have any discussions with Paul
25 Thompson on the subject of the President's knowledge of the

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1 diversion?

2 Mr. North. I don't believe I did, but it is entirely
3 possible that Mr. Thompson, Commander Thompson, excuse
4 me, was present during one of the discussions I had with
5 the Admiral on, for example, the 21st or the 24th, the
6 day before I departed the NSC.

7 Mr. Nields. Prior to the 21st of November, 1986, did
8 you ever discuss the subject of the President's knowledge
9 of the diversion with Mr. Thompson?

10 Mr. North. I don't believe I did, no.

11 Mr. Nields. Did you ever discuss the subject of the
12 President's knowledge of the diversion with Mr. Earl or
13 anyone else on your staff?

14 Mr. North. My sense is that I probably did on the day
15 that I departed the NSC and I've had my memory refreshed on
16 a discussion which I had with him then related to the
17 telephone call, but I don't recall any other discussions
18 with Lt. Colonel Earl or Commander Coy or Ms. Hall or
19 Ms. Browne on that issue.

20 Mr. Nields. Would you describe the conversation that
21 you now do recall with Mr. Earl on that subject?

22 Mr. North. Well -- and again my recollection is still
23 very hazy on it but I have been refreshed that I told
24 Commander -- Lt. Colonel Earl that the President had called
25 me, related the conversation as it had occurred, and told

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18

1 Colonel Earl what the President said. "I just didn't know,"
2 or words to that effect.

3 Mr. Nields. Did you have any conversations on the
4 subject of the President's knowledge of the diversion prior
5 to November 24, 1986 with anyone else?

6 Mr. North. Well, Admiral Poindexter, but aside from
7 that --

8 Mr. Nields. Yes. We have covered Admiral Poindexter.
9 We have covered Attorney General Meese.

10 Mr. North. Not that I recall.

11 Mr. Nields. No further questions, Mr. Chairman.

12 Mr. Cheney. Mr. Liman?

13 Mr. Liman. No questions. Thank you, Mr. Chairman.

14 Mr. Cheney. Mr. Van Cleve?

15 Mr. Van Cleve. No questions. Thank you, Mr. Chairman.

16 Mr. Cheney. Senator Inouye?

17 Chairman Inouye. You better get the designated
18 questioners.

19 Mr. Cheney. Any further questions from any member of
20 the panel?

21 Mr. Mitchell. No questions, Mr. Chairman.

22 Mr. Rudman. No questions here, Mr. Chairman.

23 Mr. Tribble. No questions, Mr. Chairman.

24 Mr. Cheney. Then the session is completed. The
25 committee stands adjourned.

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1 The committee will reconvene at 9 a.m. on July 7,
2 Russell Senate Office Building, to take public testimony
3 from Colonel North. He is instructed to return at that
4 time.

5 Mr. North. Yes, sir.

6 (Whereupon, at 6:45 p.m., the select committees
7 adjourned, to reconvene at 9:00 a.m., on Tuesday, July 7,
8 1987.)

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Mike Paulus 1

UNITED STATES SENATE

2

SELECT COMMITTEE ON

3

SECRET MILITARY ASSISTANCE TO

4

IRAN AND THE NICARAGUAN OPPOSITION

5

DEPOSITION OF WILLIAM B. O'BOYLE

6

Washington, D.C.

7

Friday, May 8, 1987

8

Deposition of WILLIAM B. O'BOYLE, called for

9

examination pursuant to subpoena, at the Hart Senate Office

10

Building, Suite 901, at 10:30 a.m., before Michael G.

11

Paulus, a notary public in and for the District of

12

Columbia, when were present on behalf of the respective

13

parties:

14

THOMAS FRYMAN, ESQ.

15

Assistant Majority Counsel

16

KENNETH R. BUCK, ESQ.

17

Assistant Minority Counsel

18

United States House of Representatives

19

Select Committee to Investigate

20

Covert Arms Transactions with Iran

21

- continued -

22

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JAMES KAPLAN, ESQ.

2

Associate Counsel

3

United States Senate Select

4

Committee on Iran and the

5

Nicaraguan Opposition

6

BERT HAMMOND

7

On behalf of the witness:

8

~~GUSTAVE H. NEWMAN, ESQ.~~

9

~~DEBORAH A. SCHWARTZ, ESQ.~~

10

~~Gustave H. Newman, Esq.~~

11

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19th Floor

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New York, New York 10022

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C O N T E N T S

2 WITNESS

EXAMINATION

3 William B. O'Boyle

4 By Mr. Fryman

4

5 By Mr. Kaplan

87

6 By Mr. Buck

93

7

E X H I B I T S

8 O'Boyle Deposition

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P R O C E E D I N G S

2 Whereupon,

3 WILLIAM B. O'BOYLE

4 was called as a witness and, having been first duly sworn,

5 was examined and testified as follows:

6 EXAMINATION

7 BY MR. FRYMAN:

8 Q Would you state your name for the record,
9 please?

10 A My name is William Buchanan O'Boyle.

11 Q Where do you reside, Mr. O'Boyle?

12 A [REDACTED] New York, New York.

13 Q How long have you lived in New York?

14 A I have lived in New York since late 1969.

15 Q Where did you obtain a college degree?

16 A Stanford University.

17 Q In what year?

18 A 1968.

19 Q Did you attend any graduate school?

20 A Yes.

21 Q Where?

22 A I attended New York University and Columbia

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mikepaulus 1 University.

2 Q What fields did you study at those universities?

3 A Including Stanford?

4 Q Let's start with the graduate schools.

5 A I studied drama performance studies at New York

6 University, business at Columbia University. I am

7 currently studying cinema studies at the New York

8 University.

9 Q Did you obtain a degree at either of the
10 universities in New York?11 A Yes. A master of arts from New York University
12 and a master of science from Columbia University.

13 Q What is your occupation at the present time?

14 A I am independently wealthy and I own and manage
15 an oil and gas exploration firm.

16 Q And you manage your other investments?

17 A Yes.

18 Q Did there come a time when you received a
19 solicitation for a contribution from a representative of
20 the National Endowment for the Preservation of Liberty?21 A I was contacted by the National Endowment. I am
22 not quite sure to say whether I received a solicitation or**UNCLASSIFIED**

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Mike Paulus 1

not.

2

Q When was the first contact?

3

A It was in late March of 1986.

4

Q Who contacted you?

5

A It was Jane McLaughlin.

6

Q How did she contact you?

7

A By telephone.

8

Q Do you know the person that referred her to you?

9

A Yes.

10

Q Who was that?

11

A His name is ~~James Ferguson~~.

12

Q Who is Mr. Ferguson?

13

A He is an old acquaintance, ~~from Dallas~~, Dallas,

14

Texas, which is my home town.

15

Q Did you know in advance of her call that you

16

would be receiving a contact from the National Endowment,

17

or as it is often referred to, NEPL?

18

A No.

19

Q Can you identify the date when this first

20

contact occurred?

21

A My appointment book is currently in the hands of

22

the special prosecutor's office. We don't have copies

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7

1 yet. They are going to supply us copies. But I can tell
2 you approximately. It was approximately March 26th to 28th
3 of 1984.

4 Q In that first telephone call what did
5 Ms. McLaughlin say to you?

6 A She told me that she had gotten my name from
7 Mr. Ferguson in Texas. She asked me if I would like to
8 come down to the White House for a briefing on the
9 political and military situation in Nicaragua. That's it.

10 Q Did she ask for a contribution in this first
11 telephone call?

12 A I don't think so. No.

13 Q Did she say anything about the fund-raising
14 efforts of her organization?

15 A I believe she described her organization as an
16 organization which supported the contras. I understood at
17 that time that the organization did raise money.

18 What was your question again, please?

19 Q Did she say anything about the fund-raising
20 efforts of the organization?

21 A I don't recall specifically.

22 Q Had you heard of the organization before this

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8

mikepaulus 1 telephone call?

2 A NO.

3 Q What did you say in response to Ms. McLaughlin's
4 comments?

5 A When she invited me to come down to the White
6 House, I was interested.

7 Q Did you say you would come?

8 A Yes.

9 Q Did you express any views in this conversation
10 about the situation in Nicaragua?

11 A I don't remember specifically.

12 Q At that time, in March of 1986, what were your
13 views with respect to Nicaragua?

14 A I was alarmed at the fact that the communists
15 had gained a foothold in Central America, on the South
16 American continent.

17 Q Did you favor an active military response to the
18 communist foothold that you saw there?

19 A By the United States, do you mean?

20 Q Let's say by the resistance in Nicaragua. Did
21 you favor an active military response by the resistance
22 within the country?

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Mike Paulus 1

A Yes.

2

Q Did you favor United States support for that?

3

A Yes.

4

Q Including support of military equipment?

5

A Yes.

6

Q Did you receive any written invitation to this

7

meeting at the White House?

8

A No.

9

Q So the only invitation was the oral invitation

10

to come down the day after the telephone call?

11

A Yes.

12

Q What arrangements did she make after you arrived

13

in Washington? Where were you to go? What did she tell

14

you in the phone call?

15

A As I recall, she arranged to meet me at the

16

airport. I think she also asked for my social security

17

number for clearance into the White House area.

18

Q Which airport did you fly into?

19

A As I recall, it was National. I came down on

20

the shuttle.

21

Q She met your plane?

22

A Yes.

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Q You had not met her before; is that correct?

2

A That's correct.

3

Q How did you recognize her?

4

A I think she told me what she would be wearing.

5

She described herself and told me what she would be

6

wearing.

7

Q How did you travel into Washington from the

8

airport?

9

A There was a limousine that she arrived in and

10

brought me back into Washington.

11

Q The two of you went into Washington in the

12

limousine?

13

A Yes.

14

Q Where did you first go in Washington?

15

A To the Hay-Adams Hotel.

16

Q Was this in the morning or the afternoon?

17

A In the afternoon.

18

Q What happened after you went to the Hay-Adams

19

Hotel?

20

A As I recall, there were a number of people from

21

NEPL and a few other potential contributors there at the

22

hotel, and we rendezvoused there at the hotel.

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Mike Paulus 1

Q Were you in a meeting room at the hotel?

2

A If I recall, it was upstairs. There is a kind

3

of private dining area on the mezzanine level.

4

Q Who do you recall was there from NEPL?

5

A I believe Mr. Channell was there. Of course

6

Ms. McLaughlin was there. I don't recall any other

7

specific person that was there.

8

Q Was Mr. Conrad there?

9

A I don't remember.

10

Q Was Mr. Littledale there?

11

A Possibly.

12

Q Do you know Mr. Littledale?

13

A I have his name noted in my appointment book,

14

but I can't place the face. I did meet a Mr. Littledale.

15

Q Was Mr. Smith there?

16

A I don't know.

17

Q Were there any representatives of International

18

Business Communications there?

19

A Yes.

20

Q Which representatives?

21

A I think it was Mr. Littledale. There was

22

another name which I had noted down in the appointment book

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12

Mikepaulus 1 which is now in the hands of the special prosecutor.

2 Q Was Mr. Miller there?

3 A I don't think so. Not at that time.

4 Q Did you believe Mr. Littledale was an IBC
5 employee or a NEPL employee?

6 A As I recall, there were a couple of people from
7 IBC there. I don't know what IBC was except a consulting
8 group. I was told it was a consulting group. Actually,

9 [REDACTED]

10 Q Have you ever met Mr. Frank Gomez?

11 A The name doesn't ring a bell.

12 Q Have you ever met David Fischer?

13 A Not to my knowledge.

14 Q Have you ever met [REDACTED]

15 A Not to my knowledge.

16 Q You say there were some other contributors also
17 present in the private meeting room at the Hay-Adams that
18 afternoon. Which contributors were there that you recall?

19 A I don't recall their names. There were one or
20 two other people there who I understood were to attend the
21 briefing, but I don't recall their names.

22 Q What was the total size of the group in the

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Mike Paulus 1 meeting room?

2 A It was approximately half a dozen to ten
3 people. around ten people.

4 Q How long did the group remain at the Hay-Adams
5 in the meeting room that afternoon?

6 A To my recollection, it was about half an hour.
7 Not very long.

8 Q Would you describe this as a get-acquainted
9 session?

10 A Yes, and a rendezvous prior to going over to the
11 Old Executive Office Building.

12 Q Did anyone make any statement or speech to the
13 group?

14 A No.

15 Q How were you introduced to Mr. Channell?

16 A I don't recall exactly. He was there. I don't
17 recall exactly what was said.

18 Q Did Ms. McLaughlin introduce you to
19 Mr. Channell?

20 A I believe so.

21 Q Were you introduced to the other contributors?

22 A Yes.

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Mike Paulus 1

Q I believe you said that you went from the Hay-Adams to the Old Executive Office Building.

A Yes.

Q Did you walk over in a group?

A Yes.

Q Did Mr. Channell lead the group?

A Yes.

Q What happened after you got to the White House grounds.

A I am taking the Old Executive Office Building to be part of the White House.

Q Yes.

A We went through security at the front door, and then we went up to a conference room. I don't recall the room number, but I believe it was upstairs in the building.

Q Approximately what time did you arrive there?

Q Did all of the [REDACTED]

A Most of it did. I wasn't keeping count.

Q But it was your sense that basically the group transferred from the Hay-Adams to the OEOB?

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mikepaulus 1

A Yes.

2

Q What happened after you arrived at the OEOB?

3

A We waited in the conference room for a short

4

period of time and then Lieutenant Colonel North arrived.

5

Q Was anyone with him?

6

A Not to my recollection, although he was assisted

7

at some point by what I took to be an aide who brought in

8

some materials or helped him with the slide projector

9

machine.

10

Q Had you met Colonel North before?

11

A No.

12

Q Were you introduced to him at this conference

13

room?

14

A Yes.

15

Q Was he introduced to all of the participants?

16

A Let me withdraw my answer. I am not sure

17

whether we were introduced or not. I think he was

18

introduced to us, but I am not sure if we were introduced

19

to him. I don't really recall that.

20

Q Who introduced Colonel North to the group?

21

A I believe it was either Mr. Channell or

22

Ms. McLaughlin.

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2 Q Do you recall what was said in this
introduction?

3 A Not specifically. No.

4 Q Can you give me a general sense of what was
5 said?

6 A This was Lieutenant Colonel Oliver North who was
7 with the National Security Council, who was going to give
8 us a presentation on the political and military situation
9 in Nicaragua.

10 Q Had you heard of Colonel North before the
11 meeting?

12 A No. Ms. McLaughlin may have mentioned his name
13 to me on the phone when she invited me to come down. I
14 think she did, but I had never met him and I didn't know
15 who that was.

16 Q You hadn't read his name in the press before?

17 A No.

18 Q You weren't familiar with his name prior to your
19 conversation with Ms. McLaughlin?

20 A That's right.

21 Q Approximately how long was the introduction of
22 Colonel North?

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17

Mikepaulus 1 A Only a few seconds.

2 Q And then Colonel North spoke?

3 A Yes.

4 Q Approximately how long did he speak?

5 A About half an hour or 45 minutes.

6 Q Did anyone else speak other than Colonel North

7 at this meeting?

8 A No.

9 Q You mentioned an aide that was with Colonel

10 North. What did the aide do?

11 A As I recall, there was some problem with the

12 slide projecting machine, or perhaps he had brought the

13 wrong slides. I can't remember. There was some initial

14 problem in getting set up. As I recall, he telephoned an

15 aide who came up and assisted him in setting up the

16 presentation. The aide then left.

17 Q I take it from your answer that a part of his

18 presentation was the showing of slides.

19 A Yes.

20 Q Would you describe his presentation to the

21 group? What did he say? What sort of slides did he show?

22 A The basic theme of his presentation was the

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18

Mike Paulus 1 Russian influence in Nicaragua and the fact that the
2 Nicaraguan government was really an arm of the Russians or
3 an arm of an organized communist effort to gain a further
4 foothold on the American continent.

5 He described, for example, [REDACTED]

[REDACTED] It was

[REDACTED] Gary

8 [REDACTED] said that the

9 [REDACTED] in

10 [REDACTED] at

11 they [REDACTED] they

12 could receive [REDACTED] a.

13 I think he indicated that there [REDACTED] missions

14 [REDACTED] being [REDACTED] up the

15 [REDACTED] Some kind of large

16 Russian aircraft that flies just outside the 12-mile limit

17 every day, up and back. [REDACTED] some kind of [REDACTED]

18 [REDACTED] device. Nobody knows what is inside the

19 device, whether it's a weapon or surveillance equipment of

20 some kind. Our jets fly right along with it and back

21 again. He said this airfield would allow them to fly the

22 same kind of missions up the West Coast as they are now

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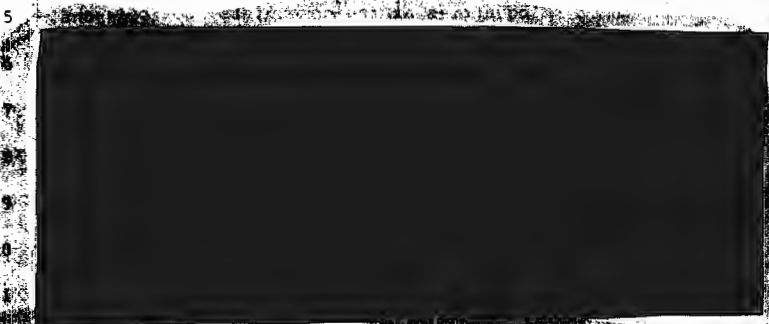
IF O'BOYLE HAD NO CLEAR
 DATA & NO ACCESS TO CLASSIFIED
 DATA, HOW CAN HIS TESTIMONY BE
 CLASSIFIED?

19

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Mikepaulus 1 flying up the East Coast.

2 He indicated that there was a massive effort
 3 underway to enlarge the harbors of Nicaragua and that this
 4 was all being done with Eastern Bloc aid of one kind and



5
 6
 7
 8
 9
 10
 11
 12 He showed photographs of what appeared to be
 13 cabinet level Nicaraguan government officials involved in
 14 dope smuggling operations. He indicated that the
 15 Nicaraguan government activities were to some extent
 16 financed by involvement in the drug trade.

17 He talked about the refugee problem that was
 18 beginning to be experienced by the neighboring countries
 19 around Nicaragua and described the potential for a massive
 20 refugee problem as the communists began to take over more
 21 and more in Central America; how typically when a communist
 22 government takes over somewhere between 10 and 20 percent

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1 Mikepaulus 1 of the population leaves the country, and that would mean
2 2 that there would be millions and millions of refugees
3 3 coming into the United States and other neighboring Central
4 4 American countries from Nicaragua and other nearby
5 5 countries as the communists took over.

6 6 He indicted that the military equipment that was
7 7 being supplied to the Nicaraguans by the Cubans and the
8 8 Russians and the various other people who were supplying
9 9 them was not merely defensive equipment but was offensive
10 10 in nature, was the kind of equipment that could be used to
11 11 expand past Nicaragua.

12 12 I forget the exact details, but I think there

13 13 [REDACTED]
14 14 [REDACTED]
15 15 [REDACTED]
16 16 [REDACTED]
17 17 [REDACTED]
18 18 [REDACTED]
19 19 [REDACTED]
20 20 [REDACTED]

21 21 As I recall, those are the highlights of his
22 22 presentation.

23 23 Q What slides did he show?

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1 A The one I remember in particular was the
2 photograph of one of the ministers of Nicaragua involved in
3 the dope smuggling operation at the airport, involved with
4 a group of people who were loading drugs on an airplane. I
5 don't specifically recall other slides. There were a
6 number of slides and maps and satellite photographs.

7 Q Did he talk any about the resistance activities
8 in Nicaragua?

9 A Yes.

10 Q What did he say about that?

11 A I don't recall the specifics of what he said.
12 The substance of what he said was that they were having a
13 difficult time because of the intermittent supply of funds
14 from the United States.

15 Q Did he discuss any specific needs of the
16 resistance fighters?

17 A I think he described some hospital needs. As
18 far as I recall, at that time he didn't discuss other
19 needs. As I recall, at that time he also described the
20 recent arrival in Nicaragua of the Soviet HIND helicopter
21 gunships, which were making life even more difficult and
22 dangerous for the resistance fighters.

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Mikepaulus 1

2 Q Did he comment in any way about a possible
response to the HIND gunships?

3 A Not at that time, as far as I recall.

4 Q Were there any questions from any of the
5 contributors?

6 A Yes.

7 Q What questions do you recall?

8 A I don't recall what the questions were.

9 Q Did anyone ask "how can we help?" in substance?

10 A Not at that time.

11 Q Most of Colonel North's comments that you have
12 described concern a serious problem in Nicaragua and
13 various aspects of the problem. What did he comment in the
14 way of a possible solution to the problem?

15 A As I recall, there was some talk about the
16 congressional vote on resuming aid to the contras. As far
17 as I recall, he didn't propose a solution at that time.

18 Q Did Mr. Channell make any comments either during
19 Colonel North's remarks or after Colonel North's remarks
20 while you were in the conference room?

21 A Not that I recall.

22 Q How did the meeting conclude?

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23

Mikepaulus 1 A After a brief question period at the end of the
2 presentation Colonel North left and the rest of us left.
3 Q Where did you go?
4 A We went back to the Hay-Adams.
5 Q Approximately what time was it at this point?
6 A I don't recall exactly. I'd say between six and
7 seven in the evening.
8 Q What happened after you got back to the
9 Hay-Adams?
10 A There was a cocktail party for this group that
11 had been to the presentation.
12 Q Did anyone else attend the cocktail party?
13 A I recall Mr. Miller was there.
14 Q Is that Richard Miller?
15 A I don't recall his first name. The one who
16 recently pled guilty to, I think, conspiracy charges.
17 Q That is the Mr. Miller of International Business
18 Communications, or IBC?
19 A Yes.
20 Q Was the first time you believe you met
21 Mr. Miller at the cocktail party?
22 A I think so, yes.

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Q Who introduced you to Mr. Miller?

2

A I don't recall. It was just a group of people

3

and everyone was being introduced to everyone else. So I

4

don't recall exactly how I was introduced.

5

Q Other than Mr. Miller, did anyone else attend

6

the cocktail party who had not been at the briefing or the

7

afternoon meeting at the Hay-Adams?

8

A I seem to remember a woman named Angela who

9

worked for NEPL.

10

Q Would that be Angela Davis?

11

A I don't know her last name.

12

There may have been one or two other people

13

there. I don't recall specifically.

14

Q How long did the cocktail party continue?

15

A Half an hour. Something like that. Forty-five

16

minutes.

17

Q You remember Mr. Miller and Angela and the group

18

that had been there in the afternoon.

19

A Yes.

20

Q Anyone else?

21

A In my notes I had the names Cliff Smith and Kris

22

Littledale, Spitz Channell, Dan Conrad written down. Those

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25

Mikepaulus 1 were all people that I met. Again, I don't specifically
2 recall whether they were all there before the presentation
3 and after, or whether maybe some had come after and hadn't
4 been there before.

5 Q You said, in your notes. Did you make
6 contemporaneous notes of the meeting that you attended in
7 Washington in March 1986?

8 A With Colonel North, you mean?

9 Q Both with Colonel North and the meeting at the
10 Hay-Adams. You indicated your notes indicate that you had
11 met Mr. Conrad, Mr. Littledale, and so forth.

12 A They weren't extensive notes. I simply noted
13 the names of a couple people that I had talked to, that I
14 wanted to remember in my appointment calendar. I didn't
15 make an outline of what was discussed at the meeting or
16 anything like that.

17 Q Is this a calendar that you carry in your
18 pocket?

19 A Yes.

20 Q So when you would meet people you would note
21 their name in the book?

22 A Yes. If I wanted to remember their names, I

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mikepaulus 1

would note them down.

2 Q That is the book that you have given to the
3 independent counsel?

4 A Yes.

5 Q And you don't have a copy of that now?

6 A Not now.

7 Q Did Colonel North attend the cocktail party?

8 A No.

9 Q What do you recall were the subjects that were
10 discussed at the cocktail party?

11 A Of course everyone was talking in one way or
12 another about the presentation. At a certain point during
13 the cocktail party I indicated that I wished that there was
14 some way to supply arms to the contras.

15 Q To whom did you say that?

16 A I think it was to either Cliff Smith or Kris
17 Littledale. Without seeing a picture, I couldn't remember
18 who it was that I first mentioned it to, but these are the
19 names that I have.

20 Q Prior to this cocktail party, Mr. O'Boyle, had
21 you given any indication to Ms. McLaughlin or anyone else
22 in NEPL that you were prepared to make a contribution?

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Mike Paulus 1

A No.

2 Q Did you indicate during the cocktail party that
3 you were prepared to make a contribution?

4 A Yes. Let me rephrase that. I didn't commit
5 myself at that point, but I indicated that I was
6 interested.

7 Q What did you say and to whom did you say it?

8 A That is what I was just describing. My
9 indication to either Mr. Smith or Mr. Littledale was that I
10 would like to be able to help the contras by supplying arms
11 of some kind, and I asked if there was some way to do that.

12 Q Did you mention a dollar figure?

13 A A dollar figure was discussed but in the context
14 of a specific weapon.

15 Q What was the dollar figure?

16 A \$20,000.

17 Q What was the weapon?

18 A A Blowpipe antiaircraft missile.

19 Q Who mentioned this type of weapon?

20 A It was the person that I brought the subject up
21 with. In other words, I said is there something that can
22 be done, is there some way to contribute. I don't recall

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Mikepaulus 1 the exact words, but I indicated a willingness to
2 contribute and a curiosity as to how much was needed and
3 how much these different kinds of weapons cost, and I got
4 the information back from this person that, for example,
5 for \$20,000 you could buy a Blowpipe antiaircraft missile.
6 That's the general trend of the conversation.

7 Q And you believe that was with Mr. Smith or
8 Mr. Littledale?

9 A I think so, yes.

10 Q Do you recall prior to this cocktail party a
11 discussion of a contribution of \$10,000 to NEPL?

12 A I received from NEPL at some point their package
13 of material. I don't recall when it was. There may have
14 been sort of a general request in their standard mailing,
15 you might say, that I am not aware of at this particular
16 time. But as far as I remember, prior to this discussion I
17 have just described there was no discussion of a specific
18 amount.

19 As we are talking about it it is starting to
20 come back a little bit. I seem to remember Ms. McLaughlin
21 saying something about contributors who are willing to give
22 at least \$10,000, something like that, and that I might

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Mikepaulus 1 fall into that category, but I don't recall specifically
2 when that was said or exactly what was said.

3 Q Your telephone conversation with Ms. McLaughlin
4 was the day before the meeting; is that right?

5 A Right.

6 Q You recall there was at least some discussion of
7 a \$10,000 contribution in that telephone conversation?

8 A I remember something about a discussion of a
9 \$10,000 contribution. It's a very vague recollection. I
10 don't recall exactly when it was said.

11 Q But it was a conversation with Ms. McLaughlin?

12 A Again, this is a hazy recollection, but I think
13 so.

14 Q And it could have been in the telephone
15 conversation?

16 A Yes.

17 Q Or it could have been in your meeting with her
18 in the limousine?

19 A Yes. As I recall, and this is very indistinct,
20 I think she might have said something along the lines that
21 they were looking for people who could give at least
22 \$10,000, or something like that. It wasn't so much a

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Mikepaulus 1 direct pitch for a specific contribution; it was more that
2 they were looking for a general category of contributors.

3 Q Was this, then, the general category that would
4 be invited to the meetings at the White House?

5 A I think so. But again, this is a very hazy
6 recollection of a very brief discussion. So I'm not sure.

7 Q Other than your discussion at the cocktail party
8 with Mr. Smith or Mr. Littledale about the missile with a
9 price of \$20,000, did you have any other discussions during
10 the cocktail party with respect to military support for the
11 contras?

12 A I must say, honestly I don't remember
13 specifically during the cocktail party. The general theme,
14 I can say, was about military support for the contras.
15 Mainly whether Congress was going to approve military
16 support for the contras. So that was being talked about.

17 Q Did you talk with Mr. Channell during the
18 cocktail party?

19 A Yes.

20 Q What did Mr. Channell say that you recall?

21 A Nothing that I can recall. There were no
22 substantive conversations. It was just a cocktail party

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...ikepaulus 1 and socializing.

2 Q How long did the cocktail party continue?

3 A Half an hour or 45 minutes.

4 Q What happened after the cocktail party?

5 A I had not originally been planning to stay for
6 the evening. I was going to go back to New York after this
7 presentation. I think it was during the cocktail party
8 that Mr. Channell pressed me to stay, and I agreed to stay
9 for dinner, which was following the cocktail party, and
10 then overnight rather than rush to get back to New York
11 that evening. Either he or Jane McLaughlin indicated that
12 they had gone ahead and made reservations for me right
13 there at the Hay-Adams.

14 Q Do you remember if this urging by Mr. Channell
15 for you to stay for dinner and overnight occurred after
16 your discussion with Mr. Smith or Mr. Littledale about the
17 missile?

18 A I don't remember if it was before or after.

19 Q Did a dinner then follow the cocktail party?

20 A Yes.

21 Q Where was that held?

22 A Right there in the same place.

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Mikepaulus 1

Q Same room?

2

A I can't remember whether it was exactly the same room or not, but it was right there in the Hay-Adams.

3

4

Q Were there a number of small tables in the room, or did everyone sit at one table?

5

6

A There were a number of small tables.

7

Q How many people were at your table?

8

A As I recall, there were six, including myself.

9

There may have been eight, but I think it was six.

10

Q Do you recall who sat next to you?

11

A Mr. Miller sat next to me.

12

Q Did Mr. Channell sit next to you?

13

A No. I don't recall the names of the other

14

people.

15

Q Did Ms. McLaughlin sit at your table?

16

A I don't think so.

17

Q How would you describe the appearance of

18

Mr. Miller, his height, hair color, and so forth?

19

A He's medium height, I would say, between 5-10

20

and 6 feet tall, blond hair, somewhat strikingly blond

21

hair, which is combed back. I would say he is in his early

22

30s, medium build, neither heavyset nor slim.

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Mike Paulus 1 Q During the dinner or after the dinner did anyone
2 make a speech?

3 A Not that I recall. After the dinner there was a
4 presentation. Not exactly a speech.

5 Q Who made that and what was it?

6 A There were television commercials that were
7 being produced by NEPL or funded by NEPL, and they were in
8 support of the contras. A number of these television
9 commercials were shown to the group.

10 Q Did Mr. Channell give any comments on the
11 commercials?

12 A Someone did. I don't recall whether it was
13 Mr. Channell or Mr. Miller or someone else in that group.
14 But there were some comments that were made.

15 Q What were the comments?

16 A As I recall, along the lines of urging the
17 people present to fund the airing of these commercials. I
18 remember one particularly dramatic fact was that the
19 photographer who took some of the footage for one of the
20 commercials had been killed shortly after he had taken the
21 footage, because it had been taken inside Nicaragua and
22 when he had been discovered by the Nicaraguan authorities

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Mike Paulus 1 he had been killed.

2 Q How many commercials were shown?

3 A I think it was three or four.

4 Q What was the subject matter of the commercials
5 that you saw?

6 A As I recall, they were different slants on
7 support of the contras in one respect or another.

8 Q Were you told the purpose of the commercials?

9 A To drum up support for the resumption of funding
10 for the contras.

11 Q Was this to be support in Congress for the
12 resumption of funding?

13 A Grass roots support for the support of the
14 contras.

15 Q Were you told that these commercials were going
16 to be directed to any particular media markets?

17 A I don't really remember if that was discussed.
18 Any particular places that they were to be
19 shown, you mean?

20 Q Yes.

21 A Not that I remember.

22 From my notes here, areas of legislators who

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Mikepaulus 1 were opposed to the contras.

2 MR. NEWMAN: Just so the record is clear, they
3 are not his notes.

4 THE WITNESS: My counsel's notes.

5 I don't recall whether this is an inference on
6 my part or whether this was actually said, but my
7 understanding was to go to those areas where there was a
8 lack of support for the contras and to put these
9 commercials in there.

10 BY MR. FRYMAN:

11 Q During this dinner were contributions sought for
12 that purpose?

13 A As I recall, yes.

14 Q By whom?

15 A By NEPL as an organization. I seem to remember
16 some printed material that asked for a minimum contribution
17 of \$30,000. I don't recall if there was a person who
18 actually made that pitch.

19 Q And this was to be used, you understood, to fund
20 these television commercials that were shown after the
21 dinner?

22 A Yes.

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Mikepaulus 1 Q That was the purpose of the contribution pitch
2 in the printed material?

3 A Yes.

4 I should say that in my counsel's notes I have
5 in areas where there were legislators who were not in
6 support of the contras, to place the commercials there to
7 influence them to support the contras.

8 Q Were there any particular legislators mentioned
9 or any particular districts mentioned?

10 A Not that I recall.

11 Let me put that another way. I think there may
12 have been some mentioned, but I don't recall who they were.

13 Q Who mentioned them?

14 A I don't remember.

15 Q Would it be Mr. Channell?

16 A I really don't remember which one of the group
17 might have mentioned them.

18 Q During the dinner did Mr. Channell come to your
19 table and speak to you at any point?

20 A Yes.

21 Q What did he say?

22 A This was near the end of the dinner. I think it

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Mikepaulus 1 may have been before the presentation of the commercials.
2 He came over and he said that he understood that I had
3 offered to possibly make what they considered a large
4 contribution with the intent of supplying arms of some kind
5 to the contras. He said that there was a small group of
6 people in the United States that made this kind of
7 contribution. He indicated perhaps I might want to join
8 this group or become one of this small group of people that
9 in effect supported the President's desire to support the
10 contras in this way. He asked if I would meet with him and
11 Colonel North again in the morning for breakfast.

12 Q What did you say?

13 A I said I would meet with them.

14 Q When he made these comments to you did he come
15 to your table and sit down in an empty chair, or did he
16 come next to your chair and stand and make these comments
17 to you? Physically what was the arrangement?

18 A As I recall, there was an empty chair. I think
19 it may have been the chair that Mr. Miller had previously
20 occupied. Toward the end of the dinner people were moving
21 around a little bit. He pulled the chair up and slid over
22 next to me and said this out of earshot of anyone else.

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Mikepaulus 1

Q Did he identify any of the other contributors

2 that were in this special group?

3 A Not at that time.

4 O Did he later?

5 A Yes.

6 Q Who did he identify later?

7

... I think it

9 was Bunker Hunt. The name Ramsey was also mentioned in a

10 later conversation. I don't recall whether it was

11 Mr. Channell or Colonel North who mentioned him. There was

12 a couple who was identified who had bought some radio

13 equipment for the contras, but he didn't mention their

14 names. He didn't identify them specifically.

15 0 Did he later identify the amount of

16 contributions from Mr. Hunt?

17 A I seem to remember him mentioning a figure over

18 a million dollars.

19 Q What about Mr. Ramsey?

20 A I don't think he mentioned specific amounts by

21 Mr. Ramsey.

22 Q Did you know Mr. Ramsey?

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mikepaulus 1

A No.

2 Q Did you know Mr. Hunt?

3 A Members of my family know the Hunt family,
4 because we're both from the same town and in some ways in
5 the same business. I may have met him in the distant past,
6 but I don't really know him.

7 Q Going back to the dinner at the Hay-Adams after
8 the briefing, Mr. Channell invited you to breakfast the
9 next morning with Colonel North and you accepted the
10 invitation. What occurred that evening after this, that
11 you recall?

12 A Nothing. After the presentation the NEPL group
13 broke up. Everybody went their separate ways. I went to
14 bed upstairs in the Hay-Adams.

15 Q Did you meet the next morning with Mr. Channell
16 and Colonel North?

17 A Yes.

18 Q Anyone else present?

19 A No.

20 Q Where was the meeting?

21 A At the Hay-Adams, in the main dining room.

22 Q What time did you meet?

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1 A It was approximately eight in the morning.

2 Q How long did the meeting continue?

3 A I believe that Colonel North was there for about

4 half an hour and then he left. As I recall, Mr. Channell

5 was there before Colonel North arrived and after he left.

6 I was with Mr. Channell perhaps a total of an hour to an

7 hour and a half and with Colonel North for half an hour to

8 45 minutes.

9 Q Starting with your meeting with Mr. Channell

10 before Colonel North arrived, what did Mr. Channell say?

11 A I don't recall specifically what he said. My

12 general recollection is that it was something of a

13 continuation of the discussion that we had the night before

14 after dinner, which was that there was this small group of

15 people who supported the President's wish to support the

16 contras and were giving money for weapons and that I might

17 join that group.

18 He also indicated that he had checked me out

19 overnight. By that, I assume that he meant that it is

20 possible using the government computer system to check

21 somebody out pretty fast. I don't know whether this was a

22 fund-raising play or whether this was for real, but I

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Mikepaulus 1 thought it was for real at the time. He said that this
2 group consisted mainly of reputable people; it wasn't a
3 group of just anybody; he said there were a lot of people
4 who wanted to join the group, perhaps people with criminal
5 records and whatever, but they wouldn't allow anybody like
6 that in this group. I assumed by what he said that he
7 meant he had checked me on some kind of a national security
8 computer setup and found that I checked out.

9 Q Did he explain the reason you were going to be
10 meeting with Colonel North?

11 A I don't know if he in so many words gave an
12 explanation for the reason. My understanding was we were
13 to continue this discussion about the supply of weapons to
14 the contras.

15 Q How long was this discussion with Mr. Channell
16 before Colonel North arrived?

17 A It was brief. I don't even know whether you
18 would quite call it a discussion.

19 Q Five or ten minutes?

20 A Something like that. We were really waiting for
21 Colonel North to come and talking briefly in the meanwhile.

22 Q What happened after Colonel North arrived?

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Mike Paulus 1

2 As I recall, Mr. Channell indicated to Colonel
 3 North that I was willing to provide funds for the purchase
 4 of weapons and Colonel North began to give a detailed
 5 account of what were the weapons needs of the Contras at
 6 that particular time.

7 Also, I should say Colonel North indicated that
 8 he personally could not ask for money, that he was not part
 9 of a fund-raising effort himself, that he was simply there,
 10 as I recall, to provide technical information. He made it
 11 very clear that he could not ask for money because he was
 12 working for the government.

13 Q Do you know what prompted that comment? Was
 14 that in response to some comment you made or Mr. Channell
 15 made?

16 A I don't think it was in response to a specific
 17 comment; it was more in response to the situation. Because
 18 there I was, considering giving money, and there was
 19 Mr. Channell and Colonel North there, and he wanted to make
 20 the relationship clear to me that he was not asking for
 21 money and that he could not ask for money as a
 22 representative of the United States Government.

Q You say he described the weapons needs of the

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Mikepaulus 1 contras.

2 A Yes.

3 Q Did he refer to any document?

4 A As I recall, he had a small notebook which he
5 referred to from time to time.

6 Q Did he show you the notebook?

7 A No. He pulled it out and looked at it, but he
8 didn't show it to me so that I could see what was written
9 in it.

10 Q What needs did he identify?

11 A He indicated the contras needed several million
12 rounds of NATO ammunition. I think it was NATO 7
13 point something. It was a description of the kind of
14 ammunition. I think at that point he also indicated that
15 they needed another kind of ammunition, which was an
16 Eastern Bloc type of ammunition. He explained that the
17 contras often used Eastern Bloc weapons because that is the
18 nature of counterinsurgency, to use the weapons of the
19 group in power. He indicated that they needed antiaircraft
20 missiles to shoot down the helicopters crashing that were
21 being supplied by the Russians. And there was some
22 discussion about different types of antiaircraft missiles.

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Mikepaulus 1 The terms "Blowpipe" and "Stingers" were mentioned.

2 Q Were any costs mentioned?

3 A Yes. The cost of the missiles were mentioned.

4 The cost of Blowpipe missiles was mentioned as \$20,000 each

5 and you had to buy them in packs of ten. He also talked

6 about a kind of aircraft that was needed, which were these

7 Maule aircraft.

8 Q What was the purpose of the aircraft?

9 A As I understood it, there were two purposes.

10 One was to resupply or to supply the contras with whatever

11 supplies they might need by dropping the supplies out of

12 the aircraft. The other was a kind of reconnaissance

13 mission where they could fly along and undertake

14 reconnaissance work.



21 Q Was a price given for the planes?

22 A Yes. It was \$65,000 each.

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Mike Paulus 1

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8 Q What other types of military items did he
9 describe?

10 A He talked about ammunition, antiaircraft
11 missiles, the airplane. As far as I can recall, that's
12 about it.

13 Q How long was Colonel North at the breakfast?

14 A About half an hour.

15 Q Then you continued to meet with Mr. Channell?

16 A Yes.

17 Q What happened after Colonel North left?

18 A The substance of what happened is that I told
19 Mr. Channell that I would think all of this over and get
20 back to him right away and let him know whether I wanted to
21 go ahead and make a contribution or not.

22 Q You said that Colonel North stated that he could

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not request a contribution. Did Mr. Channell request a contribution after Colonel North left?

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A I would say that this was more of an offer on my part. I don't know quite how you would describe it. I had been the one to say that I was willing to give money and Mr. Channell indicated, of course, that he was willing to receive it. I don't know quite whether you call it an offer or a solicitation.

Q You indicated an interest in becoming a part of the select group?

A Yes.

I am just reminded of something here. At some point, and I think it was at that meeting, or it may have been the evening before -- certain elements of these conversations, I can't recall whether they took place the morning after or the night before -- ~~that Mr. Channell~~
~~indicated that if we were to give as much as~~
~~that, and that we would have to meet with the person~~
~~who was giving the money, and that he was for the~~
contribution. The way he put, as I recall, was that he would spend 15 minutes alone with this person, spend a few minutes chatting with him, and by spending the time with

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1 him would indicate his appreciation for the extraordinary
2 contribution that this person was making to national
3 security.

4 Q Did he identify any persons who made such a
5 contribution and had met with the President?

6 A He indicated that there were people who had met
7 with the President. I don't think he named any names.

8 I also recall that at some point he mentioned
9 that these meetings, if my recollection is correct, were
10 not on the record.

11 Q What did you understand that to mean?

12 A That they were not logged in on the normal
13 appointment calendars that the President keeps, the
14 implication being that this was so secret that the
15 President wanted to keep it so not everybody in the White
16 House knew what was going on.

17 I am also reminded that Mr. Channell gave his
18 home address for this contribution.

19 I don't recall the specific words or exactly
20 what Mr. Channell said, but the substance simply was that I
21 would go home, think this over, and then if I were to make
22 a contribution for the purposes we discussed, I should send

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mikepaulus 1 this to his home address. He gave me his home address.

2 Q Mr. Channell had described to you the select
3 group that made contributions for military support. Did
4 you understand his comment with respect to the contributors
5 who made a \$300,000 contribution and could meet with the
6 President to be a part of this select group that he had
7 referred to?

8 A Yes.

9 Also, he indicated that one could specify what
10 kind of support he wanted to give. For example, if you
11 felt uncomfortable with the idea of giving military
12 support, you could give some kind of nonmilitary support.
13 I think it was in that context that he mentioned a couple
14 that had given radio equipment. If you wanted to give
15 military support, you could do that.

16 Q And you told Mr. Channell you would consider
17 making a contribution?

18 A Yes.

19 Q Was that the way the meeting ended?

20 A Yes.

21 Q Did you go back to New York then?

22 A Yes.

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Mike Paulus 1

There is something else. In the course of

2 discussing the weaponry needs we were discussing how much
3 the weapons cost, and I seem to remember that during the
4 meeting with Mr. Channell and Colonel North it was
5 expressed to me that two or three million dollars worth of
6 weapons would get us through to the point where the
7 congressional money would start to flow again.

8 Q Did Mr. Channell suggest that you contribute
9 \$300,000 so you could meet with the President?

10 A He didn't pin down the amount that way. He
11 indicated that a contribution of that level would qualify
12 me, so to speak, for a meeting with the President. He
13 didn't limit it to \$300,000. During later discussions, and
14 I can't recall exactly the point of the discussion, but he
15 did suggest that I give enough to qualify to meet with the
16 President and he also indicated that he would like me to
17 function as a fund-raiser. What he suggested was that I
18 give money myself and agree to go out and raise money from
19 other people that I might know and meet with the President
20 in conjunction with doing this.

21 Q This occurred at a later conversation?

22 A I don't recall specifically. I think he may

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mikepaulus 1 have indicated at this time that someone who gave as much
2 as \$300,000 could meet with the President and then in a
3 later conversation urged me to bring my contribution up to
4 that level and past that level and function as a
5 fund-raiser myself and meet with the President.

6 (Recess.)

7

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mikepaulus 1

MR. FRYMAN: Back on the record.

2

BY MR. FRYMAN:

3

Q Mr. O'Boyle, after the breakfast meeting with

4

Colonel North that we just discussed did you make a

5

contribution to NEPL for the purchase of military equipment

6

for the contras?

7

A Yes.

8

Q How many days later did you make the

9

contribution?

10

A It was three or four days later.

11

Q Did you have any further conversations with

12

Colonel North or Mr. Channell between the breakfast meeting

13

and the time you made the contribution?

14

A Yes.

15

MR. NEWMAN: Listen carefully to what he said.

16

THE WITNESS: Could you repeat the question,

17

please?

18

BY MR. FRYMAN:

19

Q Did you have any further discussions with

20

Colonel North or Mr. Channell between the breakfast meeting

21

that you described and the time you made the contribution

22

three or four days later?

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Mike Paulus 1

MR. NEWMAN: The way that question is phrased, I

2 think you are making it difficult. I don't understand what
3 you mean by made the contribution. The scenario is he
4 wrote the check and went down there without a prior
5 appointment and delivered the check.

6 BY MR. FRYMAN:

7 Q Let's focus on the writing of the check. Did
8 you have any conversations with Colonel North or
9 Mr. Channell between the breakfast meeting and the time you
10 wrote the check?

11 A No. To my recollection, none.

12 Q You stated that Mr. Channell had asked that you
13 send any contribution to his residence.

14 A Yes, via Federal Express.

15 Q How did you deliver the check?

16 A In person.

17 Q To whom and where?

18 A I came directly to Washington either Monday or
19 Tuesday of the next week and hand delivered the check to
20 Mr. Channell. I believe I actually handed it to him at the
21 Hay-Adams Hotel.

22 Q Had you made a prior appointment?

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Mike Paulus 1

A No.

2

Q What was the amount of the check?

3

A \$130,000.

4

Q How did you find Mr. Channell when you came to

5

Washington that day?

6

A I went from the airport to the NEPL office and

7

told the staff members there that I had something very

8

important that I needed to see Mr. Channell about right

9

away. Shortly after that Jane McLaughlin took me over to

10

the Hay-Adams Hotel. I had dinner with Ms. McLaughlin and

11

then Mr. Channell arrived.

12

Q Was this at midday or was this in the evening?

13

A In the evening.

14

Q Did you tell Ms. McLaughlin what you had for

15

Mr. Channell?

16

A As I recall, I did not.

17

Q Did you tell her you had a contribution?

18

A I don't think so.

19

Q You say you told her you had something important

20

for Mr. Channell?

21

A I either said I have something important for him

22

or I need to talk to him about something important and I

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Mike Paulus 1 need to see him right away.

2 Q What did she say in response?

3 A I think it was actually the staff members at the
4 NEPL office that I told this to, not Ms. McLaughlin. So
5 they arranged for Ms. McLaughlin to come and take me over
6 to the Hay-Adams and then they tracked down Mr. Channell.

7 Q Mr. Channell joined you and Ms. McLaughlin at
8 the Hay-Adams?

9 A Yes.

10 Q Did Ms. McLaughlin stay after Mr. Channell
11 arrived?

12 A Briefly, and then she left.

13 Q And then you and Mr. Channell had a meal
14 together; is that correct?

15 A No. I had just finished having a meal with
16 Ms. McLaughlin, and so Mr. Channell and I had drinks
17 together.

18 Q During the time you were with Mr. Channell what
19 did you say to him and what did he say to you?

20 A I gave him the check and I said this is for the
21 purchase of the two Maule aircraft, and he was very pleased
22 and said thank you very much. I don't recall his exact

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Mike Paulus 1 words, but he was appreciative. I think at that point he
2 discussed the possibility that I might raise more money or
3 give more money. I think he went out to call Colonel North
4 to come over, to see if he could get Colonel North to join
5 us.

6 Q Did Colonel North join you at the Hay-Adams?

7 A Yes.

8 Q How long did Colonel North spend with you?

9 A About half an hour.

10 Q Was there discussion of your contribution with
11 Colonel North?

12 A Yes. Mr. Channell showed Colonel North the
13 check. Colonel North again reviewed the further needs of
14 the contras.

15 Q What did Colonel North say after Mr. Channell
16 showed him the check? Did he express appreciation for the
17 check?

18 A I think he just looked at it and nodded. I
19 can't remember exactly what he said.

20 Q But after seeing the check he then proceeded to
21 describe further military equipment needs of the contras?

22 A Yes.

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Mike Paulus 1

Q Were these different needs than he had spoken to
2 you about the week before?

3 A Essentially they were the same. I think he
4 indicated there were some slight differences. The Blowpipe
5 missiles, I think, were no longer available. One option
6 that I

AFGHANISTAN?

7
8
9

10 But
11 essentially they were the same needs as discussed
12 ammunition, weapons, the same list pretty much as he had
13 discussed before at the breakfast meeting the previous
14 Friday.

15 Q Was there any suggestion about the size of a
16 further contribution from you?

17 A As I recall, in the course of discussing the
18 weapons needs costs were mentioned, and I got the feeling
19 that they could use as much as I could give.

20 Q Was there any discussion of a meeting with the
21 President while Colonel North was present?

22 A Yes.

Q What was said?

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1 A I think Channell again indicated that if I were
2 to agree to go out and either give more money myself or
3 function in some kind of a fund-raising capacity, or both,
4 that I could meet with the President and that he would
5 express his approval and appreciation of all of this, and I
6 indicated that's not why I was doing this, to get a meeting
7 with the President.

8 I think I mentioned before that it was mentioned
9 that these meetings with the President were off the record
10 or some of them were off the record.

11 Q What did Colonel North say about meetings with
12 the President?

13 A Throughout my various discussions with him I
14 seem to recall that he indicated a number of times that he
15 met with the President and was responsible for briefing him
16 on certain affairs. I got the impression that Colonel
17 North met with the President on a fairly regular basis.

18 Q What was his comment or response to
19 Mr. Channell's remark that if you contributed \$300,000 you
20 would have the opportunity for a private meeting with the
21 President?

22 A I don't think he had any particular response.

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mikepaulus 1 Q But he was present when Mr. Channell said this
2 to you?

3 A Yes. Again, I don't recall the exact words
4 Mr. Channell used, but I remember saying in Colonel North's
5 presence something about, well, I'm not so sure I even want
6 to meet with the President. Something along those lines.
7 Or that's not the reason why I'm doing this. I remember
8 Colonel North was there. I don't recall exactly what it
9 was that Mr. Channell said to me, the exact words.

10 Q But in substance did he say that if you gave a
11 donation of a certain amount, in the range of \$300,000 or
12 more, that you would have the opportunity to meet with the
13 President?

14 A Yes.

15 Q Did Colonel North say anything about the
16 substance of his briefings with the President?

17 A It may not have been at this particular meeting
18 that he said this. I recall in a general w

19 [REDACTED]
20 My recollection is that it was on a routine, regular
21 basis. I don't recall what the subject of the briefing
22 was.

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mikepaulus 1

Q Did he indicate that he reported to the

2 President about the contributions that had been made?

3 A No, not that I recall.

4 Q During this meeting with Colonel North at the
5 Hay-Adams which you have been describing you said he again
6 reviewed the military needs. Did he take out his notebook
7 again?

8 A I think he did.

9 Q What else did he say during this meeting?

10 A He had talked previously about the drug
11 smuggling operations of the Sandinistas, and I asked him if
12 there was any way that the United States could intercept
13 any of these large quantities of money that were involved
14 in the drug traffic to fund the Contras. He said,
15 no, that that was not an option. He cited moral grounds
16 for that. He said that if we got involved in any kind of
17 drug smuggling operations in an effort to fund the Contras
18 we would be undermining our moral position.

19 He did, by way of anecdote, tell some kind of a
20 story about how he had been involved in some respect in
21 some kind of a drug arrest or the arrest of a drug dealer
22 where there were millions of dollars in a suitcase or in a

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1 mikepaulus 1 [REDACTED] by way of illustrating how this could be
2 done, to take the money and use it to buy arms with. But

3 [REDACTED]
4 [REDACTED]
5 Q What had been the nature of his involvement in
6 this incident?

7 A I don't know. I got the impression that he was
8 somehow involved in a peripheral way.

9 Q Did he indicate when this incident had occurred?

10 A I think he did, but I don't recall exactly when
11 it was. My vague recollection is it was in 1985 or 1986.

12 Q How did the meeting with Colonel North conclude
13 on this occasion?

14 A After Colonel North had been present for about
15 half an hour or so he left. I don't recall the exact bit
16 of conversation that preceded the closing of the meeting.

17 Q In his presence there was a discussion of a
18 possible further contribution by you, was there not?

19 A Yes.

20 Q And a discussion of the size of the contribution
21 and if it exceeded \$300,000 you would have the opportunity
22 to meet with the President?

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1 A This is Mr. Channell talking now. I believe it
2 was in North's presence. That if I were to give more than
3 \$300,000 I could meet with the President. It may have been
4 at a later point, but I think it was also at that point
5 that Channell indicated to me I might also act as a
6 fund-raiser myself.

7 Q What happened after Colonel North left?

8 A Mr. Channell and I spent a few more minutes
9 together and then I left.

10 Q Did Mr. Channell make a further request for
11 contributions?

12 A I think the discussion that we had been having
13 all along continued, you might say. I left on the note
14 that I would give all this some further thought.

15 Q What did you decide after giving it further
16 thought?

17 A I thought about this for a few days and then I
18 sent Mr. Channell a Mailgram which said in effect I support
19 your efforts but I feel I have gone as far as I can go and
20 I don't want to function as a fund-raiser myself and I
21 don't want to give any more money.

22 Q Did you consult with anyone else in reaching

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Mike Paulus 1 this decision?

2 A I had spoken to my wife after the breakfast
3 meeting with Mr. Channell and Colonel North, the original
4 breakfast meeting. I had spoken to her briefly over that
5 weekend. I don't know whether you call that a consultation
6 or not. I told her in a general sort of way what was going
7 on.

8 Q Did you speak to anyone else?

9 A No.

10 Q What about after this second meeting with
11 Colonel North and Mr. Channell?

12 A Other than my wife, I didn't speak to anyone. I
13 think my bookkeeper drew up the check, but she had no idea
14 what it was for, what this was all about.

15 Q I take it you had no communications with Colonel
16 North or Mr. Channell between the meeting you described at
17 the Hay-Adams and the time you sent the Mailgram you just
18 referred to.

19 A My best recollection is that I didn't. There
20 may have been a phone call, but I don't think so. My
21 recollection is there was no further communication.

22 Q Did you have any communication with Colonel

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Mike Paulus 1 North or Mr. Channell after you sent the Mailgram that you
2 have referred to?

3 A Yes, I did.

4 Q What was the next occasion, with either?

5 A I got a call from someone at NEPL -- I don't
6 remember who it was, whether it was Mr. Channell or
7 possibly Ms. McLaughlin -- indicating that they wanted to
8 have lunch with me. They were coming up to New York and
9 they wanted to have lunch with me. This was a couple weeks
10 after this meeting at the Hay-Adams. I think it was on the
11 18th of April that they were coming to New York, and I in
12 fact did have lunch with them on the 18th of April. I had
13 lunch with Mr. Channell and Mr. Conrad.

14 Q Just the three of you?

15 A Yes.

16 Q Where did you have lunch?

17 A At the Union League Club in New York.

18 Q What did Mr. Channell and Mr. Conrad say at this
19 lunch?

20 A They indicated to me that this entire process of
21 my making a contribution had happened so quickly that they
22 didn't have the opportunity to give me all the

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mikepaulus 1 presentations they wanted to give to me, to show me the
2 courtesies they wanted to show to me, and would I be
3 willing to come down to Washington for another meeting with
4 Colonel North. That was one subject that was discussed.

5 Q What others?

6 A I at that point indicated a concern about the
7 legality and confidentiality of their work.

8 Q Had you consulted with anyone about the legality
9 or confidentiality of their work?

10 A I had asked an agency which does background
11 investigations to check on Mr. Channell for me, which they
12 undertook to do. This is a copy of their report right
13 here. But that didn't come in until later.

14 Q That is included in the documents that you
15 produced today; is that correct?

16 A Yes.

17 Q Did you consult with an attorney at this point?

18 A No.

19 Q Did Mr. Channell or Mr. Conrad make any further
20 requests for contributions from you at this luncheon?

21 A My understanding was the general purpose of
22 their visit was to cultivate me as a contributor.

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Mike Paulus 1

Q So it was more general than specific?

2

A Yes.

3

Q Was there any further discussion of particular

4

military needs of the contras?

5

A I believe it was at that point that I asked them

6

are the planes that I bought flying, and they said yes,

7

they are.

8

Q This was with the check you had given

9

approximately two weeks earlier?

10

A Yes.

11

Q Did they say how they knew that they were

12

flying?

13

A No. Although I seem to remember a discussion

14

earlier in which Mr. Channell indicated, I think, that

15

either he or Colonel North had been in contact with Maule

16

Aircraft in Georgia and had arranged to get the aircraft.

17

Q You say Mr. Channell had indicated that earlier?

18

A It may have been at the meeting at the

19

Hay-Adams, when I gave the check to Mr. Channell, that he

20

indicated that he or Colonel North would be in touch with

21

Maule Aircraft. Or maybe even had been in touch with Maule

22

Aircraft. And this would be assuming that they were going

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mikepaulus 1 to get this equipment anyway and I was just covering it for
2 them, so to speak. I am not quite sure whether their
3 getting the equipment depended on my giving the check or
4 not.

5 Q You had not had any conversation with
6 Mr. Channell between the meal at the Hay-Adams that you
7 described and the luncheon at the Union League Club?

8 A As far as I recall, no. There was one contact,
9 I think, from his office to my office, and I don't recall
10 whether I spoke to him personally or whether it was through
11 the secretary where we set up the luncheon. And I am not
12 sure whether it was him or Ms. McLaughlin or someone else
13 who arranged this.

14 Q At this luncheon meeting in mid-April he
15 suggested a further meeting with Colonel North?

16 A Yes.

17 Q Did you have a further meeting with Colonel
18 North?

19 A Yes.

20 Q When did that occur?

21 A It was a few days later. It may have been the
22 next day, but I think it was a few days later.

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Mike Paulus 1

Q In April of 1986?

2

A Yes.

3

Q Where was it?

4

A In the Old Executive Office Building. In

5

Colonel North's office, at the National Security Council
office.

7

Q Who else was present?

8

A Mr. Channell was there for a brief period of
time.

9

10

Q Anyone else?

11

A I saw Fawn Hall, Colonel North's secretary,

12

although she wasn't at the meeting; she was just outside at
her desk.

13

14

Q Anyone else?

15

A No.

16

Q Channell was not present for the entire meeting?

17

A No.

18

Q How long did the meeting last?

19

A Half an hour to 45 minutes.

20

Q What did North say?

21

A We talked about a number of subjects. While

22

Channel was there I believe we talked about a humanitarian

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mikepaulus 1 aid program that NEPL was undertaking, which involved
2 supplying boots and military uniforms and various other
3 equipment like that to the contras.

4 Then Mr. Channell left and Colonel North and I
5 had further discussions. I asked Colonel North what the
6 general plan was in Nicaragua: What's going on here
7 anyway? Why are we giving them aid? What's going to
8 happen? He outlined what the general plan was.

9 Q What was the general plan?

10 A First he indicated to me [REDACTED]
11 secret information that because I was [REDACTED] he was

12 [REDACTED]
13 [REDACTED]

14 [REDACTED] and

15 [REDACTED]

16 The basic plan was that the contras would gather
17 their forces and seize a certain part of Nicaragua,
18 establish a provisional capital and a provisional
19 government, and the United States would assist in this by
20 bloc [REDACTED]

21 [REDACTED]

22 [REDACTED]

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Mike Paulus 1 Nicaragua, and the Sandinistas would be out and the contras
2 would be in.

3 If Congress were to approve the resumption of
4 funding of the contras, this would happen on approximately
5 an 18-month time frame. If it were not to approve funding
6 of the contras, it would happen on a much shorter time
7 frame, which was less desirable and would be something of a
8 desperation move on the part of the contras.

9 I remember something now which I hadn't recalled
10 up until now. I asked him are we involved in the beginning
11 of World War III here, and we talked about that a little
12 bit. He indicated that we were not because the Russians
13 would never be willing to fight us for Nicaragua; they have
14 enough problems of their own.

15 I also indicated to him that I felt uneasy about
16 further involvement as a civilian, because I didn't enjoy
17 the protection of the government; I wasn't a member of a
18 government agency of any kind, and if I were up against
19 governmental forces, I was concerned that the RCM, aside
20 from everyone else, would be highly interested in these
21 activities of Colonel North, and if I were out there buying
22 weapons as sort of an independent agent, a civilian, that I

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Mike Paulus 1 was exposing myself to some danger from hostile forces, you
2 might say, while at the same time having no training or no
3 institutional support. We talked a little bit about that.

4 Then I also indicated that if I were Colonel
5 North I would be concerned that the KGB would be interested
6 in his activities. We talked a little bit about a
7 technique called, I think, active measures, where the KGB

8 [REDACTED]
9 [REDACTED] Colonel

10 [REDACTED] concerned that was beginning to

11 [REDACTED]

12 [REDACTED]

13 [REDACTED] He was involved, apparently,

14 [REDACTED] trying to

15 [REDACTED] there

16 was some chance that some of this newspaper [REDACTED] and so

17 forth that [REDACTED] activities were in fact

18 [REDACTED] He indicated that he was in touch

19 with the FBI about that.

20 Q The press campaign that he referred to is what
21 you understood was meant by the active measures that
22 related to Colonel North?

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Mikepaulus 1

A Yes.

2

Q Were you concerned about something similar with respect to you?

3

4

A In a general way, yes, although I was not involved in any way to the same extent as Colonel North.

5

6

Q In this overall plan that he described, what was to be your role?

7

8

A My role wasn't really discussed. He was just telling me what I assumed was the strategy of the United States Government vis-a-vis Nicaragua.

10

11

Q Why did you understand he was telling you all this?

12

13

A I felt that he had accepted me as being a member of a small group of trusted people that was willing to help with this plan, or who already had helped with it, and then as an expression of this trust that he was explaining to me what the general plan was.

16

17

Q Did Colonel North request any further contributions from you?

19

20

A During the earlier meeting, or the earlier part of the meeting when Mr. Channell was present, I think Mr. Channell had indicated to me in a general way that they

22

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Mikepaulus 1 were open for receiving contributions for this humanitarian
2 type of aid that NEPL was involved in. But after he left,
3 no, Colonel North didn't ask for any contributions.

4 Q Did you understand that NEPL was still open also
5 for contributions for military aid?

6 A That had been my understanding from the
7 beginning, from the earlier meetings, but I didn't hear
8 anything at these later meetings that either confirmed or
9 denied that.

10 Q After your meeting with Colonel North did you
11 see Mr. Channell that day?

12 A I think so. As I recall, Mr. Channell came by
13 and walked back to the Hay-Adams Hotel with me. I remember
14 a conversation with Mr. Channell about how this was all
15 part of a larger plan on the part of President Reagan to
16 reverse the dominoes. I am sure you know what I mean by
17 the domino theory. Start the dominoes going back the other
18 way. Nicaragua was one step. I think Afghanistan was
19 going to be another step. I think a couple of African
20 countries were also mentioned. I think it was at that
21 point that we had that discussion.

22 I also remember having a similar discussion at

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1 the first cocktail party after the first briefing with
2 Colonel North. I came up with that idea myself: we're
3 starting to roll the dominoes back the other way. And he
4 said, yes, that's right, isn't it? That idea had been
5 talked about before.

6 Q Any discussion of further contributions with
7 Mr. Channell after the meeting?

8 A He knew that I had already sent him that
9 Mailgram saying I don't want to give any more
10 contributions. The way we left it was if I wanted to give
11 any more contributions I would be in touch with them.

12 Q Have you had any communication with Colonel
13 North since the meeting you just described?

14 A Yes.

15 Q When?

16 A Colonel North wrote me a couple of letters. I
17 don't recall the exact text of the letters, but in effect
18 they thanked me for my support and encouraged me to
19 continue my support.

20 Q Have you had any further meetings with Colonel
21 North?

22 A No.

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mikepaulus 1

Q Any telephone conversations?

2

A No.

3

Q So the only communications would be the letters

4

that you referred to?

5

A Yes.

6

Q Have you had any communications with

7

Mr. Channell since your talk with him after the meeting

8

with Colonel North?

9

A I was still on their mailing list, of course, so

10

I received the usual stuff that they would send out. Later

11

on that year I received an urgent request for, the way they

12

put it, the last donation in regard to the contras that

13

they would ever ask for. This was after Congress had voted

14

to support the contras again. Meanwhile there were still

15

some delays in terms of the money trickling down from

16

Congress to the contras themselves, and according to

17

Channell they urgently needed more supplies. So I made an

18

additional contribution of \$30,000 later that year. As I

19

recall, that was for what they were calling humanitarian

20

aid.

21

Q After your conversation with Mr. Channell

22

following the North meeting that you described have you had

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mikepaulus 1 any further conversations with Mr. Channell either in
2 person or on the telephone?

3 A None, to my recollection.

4 Q Your two contributions to NEPL were one for
5 \$130,000 and one for \$30,000. Other than those
6 contributions have you made any contributions to any entity
7 with respect to Nicaragua?

8 A No.

9 Q Since January 1, 1986, have you had any
10 communication with President Reagan?

11 A No. The only exception that I might want to add
12 would be that I can't recall if I may have received some
13 kind of routine political communication, such as
14 fund-raising type stuff that the Republican party would
15 send out over President Reagan's signature. Aside from
16 that sort of thing, none.

17 Q Have you met with President Reagan since January
18 1, 1986?

19 A No.

20 Q Have you spoken with him on the telephone?

21 A No. I should say I did meet with him once, but
22 I believe that was in 1985, in connection with a totally

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Mikepaulus 1 ~~different situation.~~

2 MR. FRYMAN: I ask the reporter to mark as
3 O'Boyle Deposition Exhibit No. 1 for identification a
4 subpoena of the House Select Committee directed to
5 Mr. O'Boyle, which is dated March 30, 1987.

6 (O'Boyle Deposition
7 Exhibit No. 1 marked
8 for identification.)

9 (Document handed to witness.)

10 BY MR. FRYMAN:

11 Q Mr. O'Boyle, Deposition Exhibit 1 is a subpoena
12 that was served on you in advance of the deposition which
13 is similar to a subpoena that was served on you by the
14 Senate Select Committee and which calls for production of
15 various documents. Have you produced, today, documents in
16 response to the subpoenas of the committees?

17 A Yes.

18 MR. NEWMAN: So the record is clear, Mr. Fryman,
19 we did not produce any telephone toll records. We also did
20 not produce his diary for the reason previously stated,
21 because they are in the possession of the independent
22 prosecutor. We will try to make a search for the toll

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Mike Paulus 1 records and forward them to you under separate cover.

2 MR. FRYMAN: Let me now mark as O'Boyle
3 Deposition Exhibit 2 for identification a group of
4 documents which was produced this morning by Mr. O'Boyle.
5 The entire group will be Deposition Exhibit 2.

6 (O'Boyle Deposition
7 Exhibit No. 2 marked
8 for identification.)

9 MR. NEWMAN: Mr. Fryman, after Mr. O'Boyle had
10 another chance to look at the subpoena, he noticed some
11 entities in here that he may have some correspondence from.
12 He will check his records. If he does, we will forward it
13 to you.

14 MR. FRYMAN: Mr. Newman, could you identify for
15 the record at the moment any groups of documents that you
16 believe are called for in the subpoena which have not been
17 produced? You mentioned telephone toll records and you
18 mentioned the diary. Is there anything else?

19 THE WITNESS: I am looking at Schedule A here.
20 I recall receiving a communication from Mr. Channell
21 recently, I think. Some kind of committee on Afghanistan.
22 I don't even know whether I kept it or threw it away.

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mikepaulus 1 There might be something in here on another Channell
2 organization that I received by way of sort of a regular
3 mailing, you might say, a fund-raising type of thing, but I
4 had no involvement. There might be something in the files
5 somewhere.

6 Any bank in Switzerland. I have a Swiss bank
7 account which I have had for years, which has a minor
8 amount of money in it.

9 MR. FRYMAN: With respect to subparagraph (o),
10 we are not requesting production of all tax records at this
11 time.

12 THE WITNESS: As far as I know, the only
13 possible exception to the records we have already produced
14 might be under Schedule A. There might be another one of
15 the Channell organizations.

16 BY MR. FRYMAN:

17 Q Which would be form materials from another
18 Channell organization; is that correct?

19 A Yes. And I am not even sure I even have those
20 still in my file. But I'll check.

21 Q I also direct your attention to Appendix A.

22 A Is this do I know any of these people?

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mikepaulus 1 Q The subpoena calls for materials that have
2 anything to do with these individuals or organizations.

3 A As far as I know, I don't have any of this
4 material other than what I've mentioned.

5 Q To summarize, the group of documents that you
6 have produced this morning includes everything called for
7 by the subpoena other than your diary, telephone toll
8 records, records relating to a personal foreign bank
9 account, and some form materials from another Channell
10 organization; is that correct?

11 A Yes.

12 Q And tax records, which I said are not called
13 for.

14 MR. NEWMAN: Let me explain one other thing to
15 you on the record. I am sure you are going to get hold of
16 a copy of the diary from the independent prosecutor, and
17 you are going to find one corner of a page that is torn
18 out, that had some names on it. That was done prior to its
19 delivery to the independent prosecutor. If you want to ask
20 him a question as to how that came about, you are welcome
21 to do it so we don't have to have another trip down when
22 you discover that.

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mikepaulus 1

BY MR. FRYMAN:

2 Q How did it happen that the corner of the page
3 was torn out of the diary?

4 A That is the corner on which I wrote Oliver
5 North's name. When I realized the secret nature of his
6 work, I tore it out of my diary.

7 Q What did you do with it?

8 A Threw it away.

9 MR. FRYMAN: I ask the reporter to mark as
10 O'Boyle Deposition Exhibit 2-A for identification a check
11 for \$130,000, dated March 31, 1986.

12 (O'Boyle Deposition
13 Exhibit No. 2-A marked
14 for identification.)

15 (Document handed to witness.)

16 BY MR. FRYMAN:

17 Q Mr. O'Boyle, is that the check that you gave to
18 Mr. Channell for the purchase of the two Maule airplanes?

19 A Yes.

20 MR. FRYMAN: I ask the reporter to mark as
21 O'Boyle Deposition Exhibit 2-B for identification a check
22 for \$30,000, dated September 30, 1986.

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mikepaulus 1

(O'Boyle Deposition

2

Exhibit No. 2-B marked

3

for identification.)

4

(Document handed to witness.)

5

BY MR. FRYMAN:

6

Q Mr. O'Boyle, would you identify Exhibit 2-B?

7

A That's a check for \$30,000 which I later gave to

8

the National Endowment for the Preservation of Liberty.

9

Q That is in response to the final request for

10

funds for the contras that you described?

11

A Yes.

12

MR. FRYMAN: I ask the reporter to mark as

13

O'Boyle Deposition Exhibit 2-C for identification a

14

handwritten note and a phone memo slip.

15

(O'Boyle Deposition

16

Exhibit No. 2-C marked

17

for identification.)

18

(Document handed to witness.)

19

BY MR. FRYMAN:

20

Q Is that your handwriting, Mr. O'Boyle?

21

A No.

22

Q Whose handwriting is that?

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Mike Paulus 1

A I'm not sure. Someone in my office.

2

Q Was that a note that was given to you?

3

A Yes, it was.

4

Q Are you looking at the phone message at the

5

moment?

6

A Yes.

7

Q What is the material at the top?

8

A It says "The shuttle is scheduled to leave at 2 pm
shuttle."

9

10

Q Is the material at the top on a separate piece

11

of paper from the phone message at the bottom?

12

A I don't know.

13

(Witness and counsel conferring.)

14

MR. NEWMAN: We will have to check this. This
was Xeroxed for us by Mr. O'Boyle's office. We don't know
if the secretary in doing it Xeroxed two pieces of paper
together.

18

BY MR. FRYMAN:

19

Q Do you recall receiving the notes which are at

20

the top of the page?

21

A No. They look like notes my secretary was

22

making of telephone communications back and forth. For

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Mikepaulus 1 example, down here it says "okay for a 4 pm meeting on
2 Tuesday, the 29th." It looks like maybe they were
3 arranging that meeting that was held subsequently to my
4 luncheon at the Union League Club.

5 Q This is the meeting with Colonel North in his
6 office that you described?

7 A Yes.

8 Q There is a date here in these notes of 4/29. Do
9 you believe that April 29 was the date of your meeting with
10 Colonel North?

11 A I think so. I think it was, but I can't be
12 sure. We may be mixed up a little bit on the dates. I
13 think I have the 18th as the luncheon, and then some time
14 later there was the meeting in Colonel North's office. I
15 recall it as a few days later; it may have been as much as
16 ten days later.

17 MR. FRYMAN: I ask the reporter to mark as
18 O'Boyle Deposition Exhibit 2-D for identification a
19 Mailgram dated April 7, 1986.

20 (O'Boyle Deposition

21 Exhibit No. 2-D marked

22 for identification.)

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Nationswide Company

200.116.6646

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(Document handed to witness.)

2

BY MR. FRYMAN:

3

Q

Mr. O'Boyle, is that the Mailgram that you described earlier in your testimony?

5

A

Yes.

6

7

8

9

MR. FRYMAN: I ask the reporter to mark as O'Boyle Deposition Exhibit 2-E for identification a group of pages headed NEPL Freedom Fighters TV National Spot Placement, Second Flight.

10

(O'Boyle Deposition

11

Exhibit No. 2-E marked

12

for identification.)

13

(Document handed to witness.)

14

BY MR. FRYMAN:

15

Q

Mr. O'Boyle, where did you receive that material from?

17

A

It was sent to me by NEPL. It may actually have been conjunction with a video tape of some of the television commercials which they had produced.

20

Q

What did you understand was the reason for sending you that?

22

A

To demonstrate to me that they were in fact

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mikepaulus 1 engaged in a process of airing these television commercials
2 and to enlist my support.

3 Q Did you make any contributions to purchase
4 television commercials?

5 A No.

6 Q Mr. O'Boyle, I would ask you to take a minute to
7 review Deposition Exhibit 2 and tell me if these are all
8 materials from your file and if they are records that are
9 what they purport to be, i.e., that they are letters or
10 communications as indicated in the particular document.

11 A These are copies of my files, the files that
12 have been subpoenaed.

13 MR. FRYMAN: Off the record.

14 (Recess.)

15 MR. FRYMAN: Back on the record.

16 BY MR. FRYMAN:

17 Q Mr. O'Boyle, you mentioned that at your original
18 meeting at the Hay-Adams you met with a number of
19 representatives from IBC, International Business
20 Communications, and you thought that they might be
21 government agents. What was the basis for that speculation
22 on your part?

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2 A I didn't speak to any of them at great length,
3 but I did speak to a couple of them, and they didn't seem
4 like businessmen to me.

5 Q Can you be specific?

6 A Not that I quizzed them at great length, but if
7 you meet someone of your own profession and background you
8 can tell whether they are a lawyer or a doctor or they
9 aren't, especially if you are a lawyer or doctor yourself.
10 These didn't appear to be people that were extremely
11 experienced in the management of companies or business
12 affairs or economics. It was just a vague impression that
13 I got. I don't know whether it is conclusive or not, but
14 it is an impression that I got and it seemed to fit with
15 the idea that perhaps this entire program was sponsored
16 somehow by the government, or the government was involved
17 in this program.

18 Q Was there anything said by anyone at that
19 meeting that indicated that they were government agents?

20 A No.

21 MR. FRYMAN: I have no further questions.

22

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C-10 02 02

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Mike Paulus 1

EXAMINATION

2 BY MR. KAPLAN:

3 Q I am going to take you back to March and the
4 dinner at the Hay-Adams Hotel during which Richard Miller
5 sat next to you. Can you describe from recollection any
6 conversation that you had with Miller during that dinner?

7 A As I recall, it was a fairly social kind of
8 conversation but with political overtones. I remember we
9 talked about the desirability of the anticommunist effort,
10 the Reagan Administration in general, that it was desirable
11 to eliminate the communists or get rid of the communists.
12 That sort of thing.

13 I remember also talking to him about that while
14 it was desirable to get rid of the communists we didn't
15 want to be in the position where we were endorsing
16 horrible right wing dictators either. Just kind of a
17 political discussion, you might say.

18 Q Did Miller solicit any funds from you?

19 A No.

20 Q Did you have any contact with Miller after that
21 dinner at the Hay-Adams?

22 A Ever?

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Mike Paulus 1

Q Ever.

2 A I ran into him one time in another context,
 3 completely different context. President Aquino from the
 4 Philippines was visiting New York and addressed the United
 5 Nations and then stopped by and paid a courtesy call to the
 6 Asia Foundation after that. I was present at this
 7 reception. [REDACTED] A
 8 brief speech and a reception was given by President Aquino,
 9 and Miller was there. I am not sure I remember this
 10 correctly, but I think he was billed as a State Department
 11 protocol officer. He was there helping sort of move the
 12 crowds past President Aquino, because we all lined up to
 13 shake hands with President Aquino. He was standing right
 14 there, kind of moving people past. This seem to confirm in
 15 my mind that this guy really works for the State
 16 Department; this public relations thing, that's what they
 17 all say in Washington, right?

18 Q Do you recall who billed him as a State
 19 [REDACTED] [REDACTED]

20 A I think it was in the program of President
 21 Aquino's party. There was a program that listed who was in
 22 her party. I am not sure that that was his title, but I

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P-10 02 02

Mike Paulus 1

think that's right. And I said hello to him. I said, "Ah, we meet again." He sort of recognized me and said hello. Or I think he recognized me.

2 Q Any further contact with Miller, whether in person or by telephone or letter or otherwise?

3 A No.

4 Q When were you first told that NEPL was a tax exempt organization?

5 A I don't recall the exact moment at which I was told that. It was some time in March or April of 1986.

6 Q Would it have been in one of your phone solicitations from Jane McLaughlin?

7 A It may have been. I think in this pile of material here there is a 501(c)(3) certification from the IRS.

8 Q Who would have provided you with that certification?

9 A NEPL. They sent a package of material at some point to me, and their tax exempt status was outlined there.

10 Q Did anyone tell you that NEPL was a tax exempt organization, rather than sending you the certification?

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Mikepaulus 1

2 A That was my understanding. I don't remember
exactly if anyone actually said that or not.

3 Q Were you told that your contributions would be
4 deductible?

5 A I understood that they would be.

6 Q How did you arrive at that understanding?

7 A Because by the time I made the contribution it
8 was clear to me that this was a tax exempt organization and
9 that it would be a deductible contribution.

10 Q Why did you choose to hand deliver your \$130,000
11 contribution to Mr. Channell rather than send it Federal
12 Express to his home?

13 A I was concerned about security. I felt this was
14 an extremely secret operation, and that not only agencies
15 of the United States Government, but foreign agencies,
16 anybody, the press, the Democrats, everybody would be
17 interested in this kind of a thing. It was quite
18 conceivable that the phones were tapped. So I made no
19 appointment. I just showed up.

20 Q It was at your own instance?

21 A Yes.

22 Q During your luncheon in mid-April with

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91

Mike Paulus 1 Mr. Channell and Mr. Conrad in New York, you mentioned
2 earlier that you stated to them a concern that you had
3 about the legality of NEPL's work. What was their
4 response?

5 A I believe Mr. Channell said don't worry about
6 it, this has been set up by lawyers who are very close to
7 the Administration. Or maybe it was even White House
8 lawyers. Something like that. I forget the exact
9 arrangement he described. It goes into NEPL, goes into
10 another corporation which has a contract with another
11 corporation overseas and it can never be traced. That was
12 his response.

13 Q Did he mention what those other corporations
14 were?

15 A No.

16 Q Did he mention more specifically from whom they
17 received their legal advice?

18 A No.

19 Q Why did you have a background check done into
20 NEPL and Mr. Channell?

21 A I wanted to make sure that he was legitimate,
22 that he was who he said he was.

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Mike Paulus 1

Q Is it routine for you to have background checks
2 done on people who solicit you for money?

3 A Not always, but sometimes. Business partners or
4 people I might be involved in business with who I might
5 have some concern about, or perhaps people who are asking
6 for money. Sometimes I do take steps to check them out.

7 Q Do you recall when you contracted for the
8 background check on Channell?

9 A There is a letter here. I think was early
10 April. Shortly after I made the contribution.

11 Q Was there anything particular about Channell
12 that caused you to have a background check contracted for
13 him?

14 A The whole thing was an unusual situation, a
15 secret situation. I felt somewhat concerned about the
16 whole thing. That's what drove me to do it.

17 Q You mentioned earlier in your second meeting
18 with Colonel North he basically withdrew the request of the
19 need for Blowpipes, saying that the Blowpipes were no
20 longer available. My memory serves me right, you
21 mentioned that [REDACTED] was the country which he had
22 referred. Could [REDACTED] country have been [REDACTED]

8 letters
HONDURAS?

5 letters
CHILE?

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Mikepaulus 1

A It might have been.

2

Q Does that refresh your recollection as to what

3

country, North, might have referred to?

4

A I have been saying [REDACTED] but it may have

5

been [REDACTED]. I am not quite clear. As I recall, it was a

6

[REDACTED] country. I may be mistaken. It may have

7

been [REDACTED]

8

MR. KAPLAN: I have no further questions.

9

EXAMINATION

10

BY MR. BUCK:

11

Q You mentioned at the beginning of the deposition

12

a few hours ago that you were independently wealthy. Could

13

you put sort of a general figure on that independent

14

wealth?

15

MR. NEWMAN: I am not sure that that is within

16

the scope of your examination. I have other problems with

17

that question related to a situation extant in New York,

18

and I am going to direct him not to answer. I am going to

19

seek a ruling on that, because I think it is outside the

20

scope of this examination.

21

BY MR. BUCK:

22

Q Did Mr. Channell have any idea of your general

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1st letter
LACIA
OR
SOUTH AMERICAN

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mikepaulus 1

wealth?

2

A Before he met me?

3

Q Before he met you. You mentioned that

4

Mr. Ferguson referred your name to Mr. Channell.

5

A I don't know whether he did or not.

6

Q There were no indications to you that he did

7

have?

8

A No.

9

MR. BUCK: The only reason I asked that question is because Mr. Channell seemed to pursue Mr. O'Boyle.

11

MR. NEWMAN: I understand. I am not finding fault, but it tangentially involves something else we have pending in the city that I am concerned about.

14

BY MR. BUCK:

15

Q Were you at all suspicious about the expensive

16

tastes of the Channell organization. You were picked up, I believe, at the airport by a limousine and taken to the Hay-Adams Hotel. Did that make you at all suspicious that a charitable organization would have tastes like that?

20

A I wondered a little bit about it, but then I

21

thought that this was sort of a stylistic type thing that

22

Mr. Channell was adopting to cultivate wealthy people.

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Mike Paulus 1

Q Did Colonel North ever ask you for a contribution at any point?

2 A No.

3 Q I take it if he never asked you for a
4 contribution he never directed to what organization you
5 should contribute money.
6

7 A That's right. As a matter of fact, he said on
8 more than one occasion that he could not ask for money,
9 that he was not there to ask for money.

10 Q Did you take a charitable deduction on your
11 income taxes for the donations that you made to the
12 Channell organizations?

13 MR. NEWMAN: His tax return for '86 is in
14 extension.

15 BY MR. BUCK:

16 Q Do you plan on taking a charitable deduction?

17 A No.

18 Q Why is it that you will not claim a deduction?

19 A Upon advice of counsel.

20 Q I think you mentioned before that you were
21 assured the \$130,000 that you donated in actuality did
22 purchase two Maule airplanes.

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Mike Paulus 1

A Yes.

2

Q But you received no other evidence of that from

3

Mr. Channell?

4

A That's correct.

5

7

A Yes.

8

Q You mentioned several stories that Colonel North

9

told you over a period of time, examples of Colonel North

10

11

activities, did you?

12

13

A No.

14

Q Did you feel that he could tell a story? Not

15

necessarily make up the complete story, but add to the

16

story some way.

17

A No. I didn't feel he was embellishing the

18

story.

19

MR. BUCK: I have no further questions.

20

MR. FRYMAN: I have no further questions.

21

MR. KAPLAN: No further questions.

22

(Whereupon at 1:25 p.m. the deposition was

23

concluded.)

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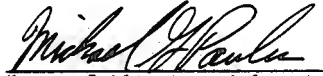
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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, Michael G. Paulus, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.


Notary Public in and for the
District of Columbia

My Commission Expires
February 29, 1992

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REPUBLICAN LEADER

ROBERT H. MICHEL
UNITED STATES CONGRESS

August 15, 1986

Mr. Spitz Channell, President
The National Endowment of the
Preservation of Liberty
305 4th Street, N.E.
Washington, D. C. 20002

Dear Spitz:

I just want to thank you for the contributions you made to our efforts in the House on behalf of Nicaraguan freedom-fighters.

Obviously, no issue of this high degree of controversy can be won in the House without help from people like you.

We all appreciate your commitment to the cause of freedom.

Sincerely,

Bob
Robert H. Michel
Republican Leader

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RHM:lpj

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under provisions of E.O. 12958
by K. Johnson, National Security Council

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TRENT LOTT
5TH DISTRICT, MISSISSIPPI

REPUBLICAN WHIP

RULES COMMITTEE

ADMINISTRATIVE ASSISTANT
JAMES L. BYNUM

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Congress of the United States
House of Representatives
Washington, DC 20515

2155 PAUL HALL
WASHINGTON, DC
20540-2051

DISTRICT
CLINTON, MS
801-884-18
HATTIESBURG, MS
801-882-224
PASCAGOULA, MS
801-882-880

July 24, 1986

Mr. Spitz Channell, President
The National Endowment for the
Preservation of Liberty
305 - 4th Street, NE
Washington, D.C. 20002

Dear Spitz:

The reception on Monday night was obviously a great success and certainly representative of the various forces that combined to give us the Contra Aid victory on June 25.

Without the efforts of the National Endowment for the Preservation of Liberty and your related organizations, this victory would have been very unlikely. Your association with Dan Kuykendall adds a dimension that is invaluable to me and the other Congressional leaders.

Spitz, please keep up the good work, and it was truly a pleasure to work with an organization which has both the resources and the capability to really contribute to a major legislative victory.

Again, thanks for your help and I look forward to our working together in the future. With warmest best wishes,
I am

Sincerely yours,



Trent Lott

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by K. Johnson, National Security Council

TL:sw

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COMMITTEE ON ARMED SERVICES
COMMITTEE ON SMALL BUSINESS



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**United States Congress
House of Representatives
Washington, DC 20515**

August 26, 1986

Mr. Carl Russell Channell
National Endowment For The Preservation of Liberty
305 Fourth Street
Suite 1000
Washington, D.C. 20002

Dear Mr. Channell:

I am writing to extend my most sincere congratulations to the National Endowment for the Preservation of Liberty.

Over the past 8 months, your program entitled, "Central American Freedom Program," has contributed in a significant way to the progress we have made in Nicaragua.

We are involved not only in a fight to keep our hemisphere free, but also in a battle for the support of the American public. In both arenas, our opponents are shrewd and relentless.

We must all be alert to the need for continued vigilance. It is not enough that we continue to seek the support of our countrymen in this important endeavor. We must labor to make sure that the way we conduct this fight continues to be worthy of their support. Any mistake that we make will be amplified by our skillfull adversaries.

I pledge my continued efforts in this important battle to keep our hemisphere free, and congratulate you again for the outstanding work done by your fine organization.

Sincerely,

Richard Ray
RICHARD RAY
Member of Congress

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by K. Johnson, National Security Council

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ROBERT L. LIVINGSTON
1ST DISTRICT, LOUISIANA

APPROPRIATIONS COMMITTEE

SUBCOMMITTEE

DEFENSE

PERMANENT SELECT COMMITTEE
ON INTELLIGENCE



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WASHINGTON
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SUN
MAY 1986
R041 81

Congress of the United States
House of Representatives
Washington, DC 20515

August 4, 1986

Mr. Spitz Channell
President
National Endowment for the
Preservation of Liberty
305 4th Street, N.E.
Washington, D.C. 20002

Dear Spitz:

When your Central American Freedom Program began to unfold it was clear that your organization had researched the issue well and was ready to help our cause to ultimate victory.

The television messages that your organization produced and the excellent coordination you provided for Nicaraguan leaders was an effective method for educating the public. We have come a very long way from the days of small margins of victory for tiny amounts of aid to the Freedom Fighters. Certainly, without your support the public would have been ignorant of the issues facing the Congress.

I want to congratulate you on a first class effort and to encourage you to continue to involve yourself in the foreign policy arena so that we can continue to win victories like the one on June 25th.

Sincerely,

Robert Livingston
ROBERT L. LIVINGSTON
Member of Congress

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by K. Johnson, National Security Council

RLL:jb

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UNCLASSIFIEDNATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 2, 1986

Dear Bill:

Here is the situation today. Congressman Bob Michel, Republican Leader of the House of Representatives, persuaded a majority of the House to vote overwhelmingly for a bill which got the President's Freedom Fighter package away from being included as a supplement to a huge Democrat-sponsored spending bill.

This spending bill, if passed, faces an almost certain veto by President Reagan. Michel's adroit leadership has now effectively saved the Freedom Fighter aid bill, intact, for what we hope will be a final vote during the week of June 9. He is determined to emerge victorious, even if he must doggedly wear down the opposition.

You are obviously supporting the President for the long term as well. I want to thank you so very much for all you are doing to support President Reagan and to help assure a victory for freedom in Central America.

We are entering a critical period now in the legislative struggle. The President is chipping away at the opposition and gaining solid momentum for a clear victory in the next three weeks. This is due in no small way to your support of the ongoing Central American Freedom Program of the National Endowment for the Preservation of Liberty.

I hope you will remain steadfast with the President as he leads this effort. I know personally that he values your help very much. We must continue to work together for the success of the President's policy. It's been a long struggle -- we're almost there. Please maintain your invaluable, strong support.

Sincerely,



Oliver L. North
Deputy Director,
Political-Military Affairs

Partially Declassified/Released on 11 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Mr. William B. O'Boyle
630 Fifth Avenue
Suite 863
New York, NY 10111

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NATIONAL SECURITY COUNCIL
WASHINGTON D C 20506

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July 23, 1986

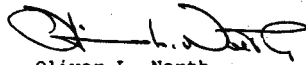
Dear Mr. O'Boyle:

America is now at the verge of answering the challenge the Soviets laid down in Nicaragua. When the President was most in need of support and sustained faith in this leadership, you helped to provide both. The struggle for freedom in Nicaragua must first be won in the halls of Congress. Without your dedication and resolve to stay with the President in this long campaign, neither victory would be possible. Once the Senate approves the aid, we will finally be at a point where we can truly make a contribution to a democratic outcome in Nicaragua.

All Americans owe you a great debt. As men who have lived through combat know, without a sustained level of support, those in the front lines can accomplish nothing. Your perseverance in the cause of freedom and President Reagan's dream for a free Nicaragua were the sustaining measure that will carry us that last difficult mile.

For your patriotism, courage, and dedication, thank you.

Sincerely,



Oliver L. North
Deputy Director
Political-Military Affairs

Partially Declassified/Released on 11 FEB 88
under provisions of E.O. 12958
by K. Johnson, National Security Council

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Declassified/Released on **10 Feb 88**
under provisions of E.O. 12356
by K. Johnson, National Security Council

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UNCLASSIFIED *My Dream*

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"Since the dawn of the nuclear age, every American President has sought to limit and end the dangerous competition in nuclear arms. I have no higher priority than to finally realize that dream..."

Ronald Reagan

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THE WHITE HOUSE

WASHINGTON

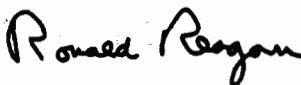
December 18, 1985

Dear Spits:

I want to thank you for the fine series of television messages you broadcast three weeks before we left for Geneva. "Morning of Peace" captured the true spirit of my dream, our Strategic Defense Initiative, a shield to protect our children and their children from the threat of nuclear war. I firmly believe that we can achieve this goal and end the insanity of the arms race.

Your televised messages and the steadfast support in a variety of foreign policy areas of the American Conservative Trust means a great deal to me. Please keep up the good work. With your continued help I know we can succeed for the next generation, and for all the generations to come. Nancy joins me in wishing you and your associates all the joys of the Season. God bless you.

Sincerely,



Mr. Carl Russell Channell
President
The American Conservative Trust
305 Fourth Street, N.E.
Washington, D.C. 20002

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The Historic Opportunity to Strengthen American Security

STRATEGIC DEFENSE INITIATIVE

President Reagan's Strategic Defense Initiative (SDI) is the most significant strategic development in the history of U.S. - Soviet relations since the acquisition of the atomic bomb by the Soviet Union. If allowed to be fully developed, it will greatly enhance America's security. Equally important, it will offer the superpowers a dramatic opportunity to establish a lasting peace by rendering nuclear weapons obsolete.

The Congress, however, has been slow to realize the opportunity inherent in a fully funded, on-time SDI. It has provided only about 60 percent of the President's funding request for SDI research and development in the past three years. Thus, the program at current funding levels will be consciously delayed and drawn out. Timing is important. The Soviets, who began their own strategic defense efforts nearly two decades ago, are determined to deploy their own system and are accelerating their development of new offensive and defensive strategic systems while the United States lags.

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"... every President has dreamt of leaving the world a safer place than he found it. I pledge to you, my goal—and I consider it a sacred trust—will be to make progress toward arms reduction in every one of the several negotiations now underway."

President Reagan's Remarks to the Los Angeles World Affairs Council, March 31, 1983

Soviet Fear of American Space Advancement

The impressive enhancement of American defenses under the Reagan Administration and the promise of a Strategic Defense program are fundamentally responsible for having brought the Soviets to the Geneva summit last November.

Until last year the Soviets had little motivation to negotiate on nuclear weapons and other issues. In fact, after the Reagan Administration had spent months trying to sit down with them, the Soviet negotiators abruptly walked out of talks convened in Geneva in 1983. The much-improved U.S. defense posture, the President's March 1983 SDI speech, Ronald Reagan's re-election in 1984 and American technological superiority in space research and exploration were compelling factors in bringing Moscow to the conference table late last year.

Finally, the rise of a relatively youthful, attractive Russian leader, Gorbachev, gave the political leaders of the Soviet Union what they perceived as a strong boost

vis-à-vis the international media and world public opinion. After years of frosty relations the time had come to project a moderate, pro-peace image in order to forestall American advances and lull American allies into strategic lethargy.

Lagging in technology, economic vitality, and sophistication and pressed to commit resources elsewhere, the Soviet Union fears the American SDI. Such a system and its foreign policy power implications will be able to neutralize the threat of the massive Soviet nuclear arsenal.

Briefly, a deployed strategic defense would prevent nearly all of the U.S.S.R.'s ICBMs from reaching their targets in the United States. This means that a successful Soviet first strike capability would be eliminated. And in the event of nuclear war, the U.S., although potentially hurt, could retaliate massively and decisively. Retaliation, however, is not the objective. Rather, it is to make nuclear weapons useless by assuring that they would never reach their targets.

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Unable to deliver a nuclear blow to the United States, the Soviet Union would see its power significantly reduced.

Inability to maintain the credible (successful and effective) destructive threat of its arsenal necessarily weakens the Soviet power intimidation position vis-a-vis the United States and the rest of the world. A common thread of Soviet foreign policy is to threaten to rain down awesome nuclear destruction on nations allied with the U.S. which the Soviets wish to influence. This is naked nuclear intimidation. Successive Soviet leaders have raised the threat. Gorbachev used it last December in a letter to the Greater London City Council in an obvious

attempt to influence British decisions on defense policy for 1986.

A fully deployed American Strategic Defense will present the Soviets with a new reality, one which will require more acceptable and necessarily more peaceful behavior on the part of the Soviet Union for decades to come.

The Soviet Union failed to win concessions on SDI in Geneva. But it expended tens of millions of dollars in the months leading up to the Summit in attempting to shape European and American public opinion against SDI. So crucial is SDI's failure to Soviet strategy that the Russians have continued to use their vast resources in a propaganda and disinforma-

tion struggle against the Reagan Administration's research and development program. Although other reasons have been given, the Soviet delay in agreeing on a summit in the United States is designed to give the Russians more time for their efforts to weaken the President's SDI. Also, they may attempt to make it an election issue this fall.

Furthermore, Gorbachev's January and March proposals, made in public speeches and not presented officially to the U.S., while welcome, are more than mere proposals. They are propaganda efforts to project the new Soviet leadership as peacemakers, as the reasonable, sincere opposites of a belligerent America. They seek to lull European and American public opinion into believing that SDI is no longer necessary; given Soviet good faith and the new, more reasonable leadership. In other words, the Soviets will do with propaganda and soft sell targeted on public opinion what they cannot do at the negotiating table.

"The Soviet Union has military superiority over the United States. Henceforth, the United States will be threatened. It had better get used to it."

Marshal Nikolai V. Ogarkov,
Chief of the Soviet General Staff

Note ?

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The Vast Soviet Campaign to Capture American Public Support

Evidence of such efforts were the multi-page advertisements the Soviet government placed on March 21 in the *Washington Post*, the *New York Times*, the *Los Angeles Times* and *USA Today*. Costing nearly a quarter of a million dollars, the ads depicted the Russians as responding defensively to threatened nuclear attack from the United States. They cited SDI as the planned nuclearization of space and an escalation of the arms race.

But Moscow has done much more, from funding anti-nuclear movements and organizing international conferences to manipulating the media in Geneva. That they have succeeded is evident in the fact that the majority of American media commentators at the time indicated that to accomplish something at Geneva the President had to give concessions on SDI. He did not, however, give in. And his steadfastness illustrates his belief that SDI is so critically important to U.S. security.

Make no mistake about it. The Soviets genuinely fear a completed American Strategic Defense. But that fear does not concern their territorial safety. Rather, that fear concerns their continued ability to use the threat of nuclear annihilation to intimidate and blackmail other nations into submission or admission of Soviet supremacy.

With dramatic full-page advertisements in major newspapers, scores of television interviews, books, articles, front organizations and governmental pro-

paganda efforts, the Soviets are spending millions of dollars to prevent SDI from going forward as the President desires. *Never have the Soviets wanted so desperately to block an American defense program.* They understand well the influence of American public opinion on government policy.

Although recent surveys indicate that Americans favor a workable alternative to mutual assured destruction (MAD), anti-nuclear interest groups have largely framed the SDI

"The defense policy of the United States is based on a simple premise: The United States does not start fights. We will never be an aggressor. We maintain our strength in order to deter and defend against aggression—to preserve freedom and peace."

President's Address to the Nation, March 23, 1983

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debate and have succeeded in distorting public perceptions of what has lamentably become well known as "star wars." Here the emphasis is *war—to the delight of the Soviets!*

The Soviets are bolstered in their efforts by those in America who, for many reasons, oppose SDI. The opposition uses seven key arguments:

SDI will never work;

SDI means the militarization of outer space;

SDI escalates the arms race; SDI research could go on indefinitely;

SDI costs too much;

SDI is nuclear;

SDI violates the Anti-Ballistic Missile Treaty.

These arguments, combined with public and

legislative concern about balancing the budget, resulted in congressional funding of only 60 percent of what the President requested for the first stages of SDI research and development. Since that time, Congress has passed the Gramm-Rudman-Hollings budget bill. However, the legislative calendar now provides a window to secure full funding for the President's package to bring the program's timetable up to date. We must use this window of opportunity to dramatically strengthen America's security. The Soviets are determined to complete their space defense first. The President's dream must be our goal—and now!

"It is not an impossible dream that we can begin to reduce nuclear arsenals, reduce the risk of war, and build a solid foundation for peace."

President's Address to the Nation, November 14, 1985

"While arms control can potentially play a role in enhancing our security and bringing about a more stable strategic relationship, what we are able and willing to do for ourselves is far more important; it provides the necessary foundation on which deterrence and arms control must rest."

Paul H. Nitze, Special Advisor to the President and Secretary of State on Arms Control Matters, February 4, 1986

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Objectives

Given the high moral imperative of Strategic Defense for our long-term security and possible peace, the National Endowment for the Preservation of Liberty believes that the current goal of Strategic Defense must be realized—the sooner the better. To help educate and inform Americans about the nature of the Strategic Defense concept, the Endowment is conducting a multi-faceted public education and information program using a combination of media and press activities in order to:

- (1) reveal and counter Soviet disinformation and other untruthful information;
- (2) educate the public about the true significance and role of the Strategic Defense Initiative to America's military and alliance security;
- (3) measure, describe and publicize public attitudes on the Strategic Defense Initiative;
- (4) study and report the impact of the public's views on the Strategic Defense Initiative in selected areas around the country.

"Winston Churchill, in negotiating with the Soviets, observed that they respect only strength and resolve in their dealings with other nations. That's why we've moved to reconstruct our national defenses. We intend to keep the peace. We will also keep our freedom."

*President's Address Before a Joint Session of Congress,
January 26, 1982*

Support the President's Program

The National Endowment for the Preservation of Liberty will begin its program in June and will continue through October of this year. In this manner, the program can operate fully during the framing of the debate during budget hearings and in the primary election cycle in the Spring. The timing will maximize its educational possibilities. Concurrently it will bring public attitudes to bear on the center of the debate: the U.S. Congress. The program will include the following activities:

President's Message

We are producing a brief video-taped statement by President Reagan in which he will re-state his historic statement of March 1983 about the significance of SDI. In it, he will explain his "dream" of a world free from the threat of nuclear annihilation, which can be achieved when SDI renders ICBMs obsolete. These video messages will be made available to groups and individuals around the country who support the President. They will also be used by speakers and in television interviews.

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UNCLASSIFIED**Television Education**

NEPL is preparing eye-catching television advertisements, 15 and 30 seconds in length, for placement in carefully selected, important media markets throughout the United States. These creatively crafted "spots" will reduce the many complexities of SDI into meaningful and truthful concepts which will be readily understood by the average citizen. In so doing, they will counter the distorted perceptions fostered by deliberate disinformation and the media. These television programs will be the heart of the overall campaign inasmuch as they have proven so valuable in other public information efforts.

Newspaper Advertisements

Just as the television "spots" are to be directed at average citizens, NEPL also is thinking of those better informed individuals for whom television ads may be too elementary. We are preparing, therefore, extensive newspaper advertisements which will explore in greater depth the fundamental morality of a defensive system which

saves lives. Several hundred to a few thousand words in length, the newspaper messages will detail the Soviet lead in strategic defense systems and the benefits of the President's program.

Talk Shows/Interviews

Similar to the newspaper ads, a series of appearances on television and radio by leading SDI experts will inform the public of the benefits to be derived from SDI research. Participants will include academics, such as Dr. Edward Teller, defense specialists, media analysts and others who will be fully briefed and able to present the case articulately and persuasively. The interviewed experts will appear on national, regional and local television and radio interview shows.

Newspaper Articles

NEPL will write and encourage others to write signed articles on SDI which will be placed on opinion pages of the leading newspapers around the country. Among these are the *Wall Street Journal*, the *New York Times*, *USA Today*, the *Washington Post*, the *Los*

"Proceeding boldly with these new technologies, we can significantly reduce any incentive that the Soviet Union may have to threaten attack against the United States or its allies."

President's Address to the Nation, March 23, 1983

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Angeles Times and others. The opinion articles will be about 800 words in length and will seek to point out the aggressive nature of Soviet policies, the impact of Soviet propaganda on the debate and the wisdom of SDI.

Television Documentary

Using a credible, documentary style of presentation, NEPL is producing a 15- to 30-minute video program for television which explores the evolution of U.S.-Soviet competition and the promise of SDI to eliminate the threat of nuclear destruction. The program will counter the arguments of the nuclear freeze and the anti-nuclear movements, while presenting unassailable, morally unimpeachable arguments in favor of a defensive system which kills no one. The completed video programs are to be given to local television stations for use in their news and current events schedules. In addition, the programs can be used by speakers, as background or

as introductions for interviews, and by civic groups for panel discussion and other activities.

Coalition Building

NEPL is convinced that the Strategic Defense Initiative is a highly significant, crucially important program which all Americans have a moral and patriotic obligation to understand and judge. Therefore, NEPL will aggressively increase the possible impact of its program by making its information available to as many individuals and groups as possible. Individuals and groups throughout the country stand ready to assist in this critical educational campaign, but they often lack the visual aids and written materials to present views effectively. We plan to put video programs, publications, issues, papers and other information in their hands. A popular groundswell will be the result, one that will be able to counter effectively the inevitable propaganda barrage from opponents of SDI.

"... there can be no greater good than the quest for peace and no finer purpose than the preservation of freedom."

President's Address Before a Joint Session of Congress, November 21, 1985

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UNCLASSIFIED**NATIONAL ENDOWMENT FOR THE PRESERVATION OF LIBERTY**

The National Endowment for the Preservation of Liberty (founded March 1984) is a 501(c)3 organization which concentrates its efforts on foreign policy issues relating to the expansion of freedom, the support of democracy and national security problems.

The Endowment's philosophy is that in a democracy, public policy is most effectively influenced through a knowledgeable and informed electorate. Therefore, to achieve its goals the Endowment develops and sponsors public information and education programs to increase public understanding of American foreign policy and world events.

The central focus of foundation activities in 1985 and 1986 has been the violation of human rights in Nicaragua and the Sandinista disinformation campaign targeted on the American public. During the past 20 months the Endowment sponsored television advertisements and a speakers program to increase public awareness of events in Central America.

The Endowment is also concerned about the reduction of tension between the superpowers, believing that the full deployment of the Strategic Defense Initiative (SDI) will facilitate a lessening of friction between the United States and the Soviet Union. In May the Endowment began a comprehensive multi-media program to increase public understanding of space defense.

The National Endowment for the Preservation of Liberty is a non-profit (501-C-3) organization wholly funded by contributions and grants from the private sector and not through any government funds.

CREDITS

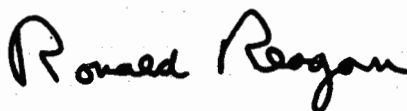
Graphic Designer: George J. Victorson
 Photographer: Michael Evans, Official White House Photographer
 Text: Carl Russell Channell
 Francis D. Gomez
 Richard R. Miller
 Typesetting: Joyce White
 Printer: Westland Enterprises

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*"This is my goal (that we
will be able to) pass on to
our posterity the gift of
peace — that and freedom
are the greatest gifts that
one generation can
bequeath to another."*

A handwritten signature in black ink that reads "Ronald Reagan". The signature is written in a cursive, flowing style with a large, prominent "R" at the beginning.

March 31, 1983

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The Sandinista Military Build-up



Released by the Department of State and the Department of Defense

Partially Declassified/Released on 10-26-88
under provisions of E.O. 12333
by K. Johnson, National Security Council

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PUBLIC REPORT
OF THE
VICE PRESIDENT'S TASK FORCE
ON COMBATting TERRORISM

~~For sale by the Superintendent of Documents, U.S. Government Printing Office~~
Released on 11 FEB 88
~~under authority of E.O. 12958~~
by K. Johnson, National Security Council

FEBRUARY 1986

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For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402

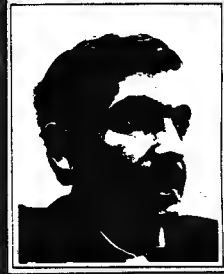
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United States Department of State

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Inside the Sandinista Regime: A Special Investigator's Perspective



February 1988

Previously declassified/Released on 11 Feb 88
by K. Johnson, National Security Council

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HSIC-4/87

TRANSCRIPT
OF PROCEEDINGS

CONFIDENTIAL

ORIGINAL

UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

~~CONFIDENTIAL~~
~~UNCLASSIFIED~~DEPOSITION OF DUNCAN OSBORNECONFIDENTIAL
~~UNCLASSIFIED~~

Washington, D. C.

Thursday, April 2, 1987

ACE-FEDERAL REPORTERS, INC.

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by D. Sirko, National Security Council

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF DUNCAN OSBORNE

Washington, D.C.

Thursday, April 2, 1987

Deposition of DUNCAN OSBORNE, called for examination pursuant to notice of deposition, at the offices of the Select Committee, Room 901, Hart Senate Office Building, at 5:47 a.m., before GARY S. HOWARD, a Notary Public within and for the District of Columbia, when were present:

JAMES E. KAPLAN, Esq.

Associate Counsel

United States Senate Select Committee on

Secret Military Assistance to Iran and

the Nicaraguan Opposition

Room 901, Senate Hart Office Building

Washington, D.C.

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KEN BUCK, Esq.

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THOMAS FRYMAN, Esq.

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House Select Committee to Investigate

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Covert Arms Transactions With Iran

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C-O-N-T-E-N-T-S

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WITNESS

EXAMINATION

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Duncan Osborne

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by Mr. Fryman

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P-R-O-C-E-E-D-I-N-G-S

2 Whereupon,

3 DUNCAN OSBORNE

4 was called as a witness and, having been first duly sworn,

5 was examined and testified as follows:

6 EXAMINATION

7 BY MR. FRYMAN:

8 Q Mr. Osborne, would you state your full name for
9 the record?

10 A Duncan Elliott Osborne.

11 Q And what is your position?

12 A I'm an attorney. I'm a lawyer with the law firm
13 of Graves, Dougherty, Hearon & Moody, in Austin.

14 Q And are you a partner in that firm?

15 A I'm a partner in that firm.

16 Q And what is your special area?

17 A I specialize in the area of wills, estates and
18 trusts.

19 Q And how long have you been a partner in the firm?

20 A I've been a partner in the firm since January of
21 1976.

22 Q For the record, Mr. Osborne, prior to the

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by D. Sirgo, National Security Council

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garyhoward 1 commencement of this deposition, you were given a copy of a
2 subpoena from the House Select Committee, as well as a copy
3 of a subpoena from the Senate Select Committee.

4 Is that correct?

5 A That is correct.

6 Q And you've also been provided with copies of the
7 rules of the House committee and the resolution
8 establishing the House committee, and comparable documents
9 for the Senate committee.

10 Is that correct?

11 A That is correct.

12 Q Now, Mr. Osborne, you were present during the
13 deposition of Mrs. Glanz and you heard her testimony about
14 a meeting with you on April 14, 1986, during which time she
15 handed you a list which contained notations regarding
16 certain types of arms.

17 Do you recall that testimony?

18 A Yes, I do, and that's correct.

19 Q And you did receive such a list from Mrs. Glanz on
20 that date?

21 A Yes, I did.

22 Q What do you recall that Mrs. Glanz told you at

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that time?

2 A Mrs. Glanz handed me a list and said Mrs. Garwood
3 brought this back from Washington, and she wants to make a
4 contribution to help meet the needs of the Contras, or
5 words to that effect.

6 Q Did you look at the list?

7 A Yes, I did.

8 Q What do you recall appeared on it?

9 A In pencil, there was a list of armaments. I
10 cannot recall specifically what the armaments were, but
11 they were clearly weapons of war, things like anti-aircraft
12 missiles, cartridge belts, pistols, hand grenades. And,
13 again, I'm not sure any of those things specifically were
14 on the list, but they were certainly things of that nature.

15 Q Were there dollar amounts on the list?

16 A I'm not sure, but I think so.

17 Q How large a piece of paper was the list?

18 A The list was about the size of a piece of small
19 notepad paper, maybe four or five inches long and three or
20 four inches wide.

21 Q Was it on white paper?

22 A Yes, it was.

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garyhoward 1 Q Was there any sort of letterhead on the list?

2 A I don't think so.

3 Q Now what did you do with the list after Mrs. Glanz

4 gave it to you?

5 A I put it down on my desk.

6 Q Were there other materials on your desk?

7 A Yes, there were.

8 Q What types of materials?

9 A There were other files and file folders and other

10 pieces of paper, miscellaneous notes, correspondence, legal

11 pads.

12 Q Now, after Mrs. Glanz handed you the list, did you

13 discuss Mrs. Garwood's affairs with her for a period of

14 time?

15 A Yes, I did.

16 Q And where was the list when Mrs. Glanz left your

17 office?

18 A My recollection is that I returned the list to

19 Mrs. Glanz.

20 Q At that initial meeting with her?

21 A At that initial meeting with her, yes, sir.

22 Q Do you recall saying anything to her when you gave

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her the list?

2 A I can't recall with any accuracy or specificity
3 what I said, but my intention was to get the list back to
4 Mrs. Garwood.

5 Q Now, did you have any other discussion about the
6 list with Mrs. Glanz in April or May of 1986?

7 A No, I did not.

8 Q Did you have any discussion concerning the list
9 with Mrs. Garwood in April or May of 1986?

10 A None whatsoever.

11 Q Did you have any discussion of the list with
12 anyone else in April or May of 1986?

13 A No, I don't believe I did.

14 Q Before, according to your recollection, you
15 returned the list to Mrs. Glanz, did you make a copy of the
16 list?

17 A No, I did not.

18 Q Did you have anyone else make a copy?

19 A No, I did not.

20 Q Have you seen the list since April 14, 1986?

21 A No, I have not.

22 Q Has anyone since April 14, 1986 indicated to you

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in any way the location of the list?

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A No, they have not. No one has.

3

Q Now you were aware of Mrs. Glanz's testimony that

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she left the list with you during your meeting on April

5

14th.

6

A That is correct. I'm aware of that testimony.

7

Q And that the list was never returned to her.

8

A That's what she said, that's correct.

9

Q You're aware of that testimony?

10

A Yes.

11

Q Now, have you caused any search to be made of your

12

office for this list?

13

A Yes, I have.

14

Q Would you describe the nature of the search?

15

A I keep fairly detailed records of the time that I

16

expend for my clients. I went back and reviewed my

17

timesheets to see what files I was working on in April of

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1986, and referred to files approximately a week prior to

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April 14th, 1986, and the week after April 14th, 1986. I

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made a list of all of those files. And then either I or,

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in some cases, other attorneys in my office who have

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primary responsibility for those files, searched each file

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garyhoward 1 on a piece-of-paper by piece-of-paper basis, looking for
2 the list.

3 Q And what was the result of the search?

4 A That the list was not located.

5 Q Do you have any reason to believe that the list
6 has been destroyed?

7 A No. I can only say that both Mrs. Glanz and
8 myself reacted negatively to the list. But I did not
9 destroy it and I gave no instruction that it should be
10 destroyed.

11 Q Well, do you have any reason to believe that it
12 was destroyed?

13 A No.

14 Q Mr. Osborne, it is the House committee's position
15 that the subpoena served on you imposes a continuing
16 obligation with ^Prespect to this list. In the event that
17 the list is discovered, it is our position that you are
18 obligated to make it available to the staff of the House
19 committee. And I believe that would apply to the Senate
20 committee as well.

21 MR. KAPLAN: Yes, that's correct.

22 BY MR. FRYMAN:

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Q Do you understand that?

2

A Yes, I understand that.

3

MR. FRYMAN: All right. I have no further

4

questions. My colleagues, Mr. Kaplan and Mr. Buck, can now

5

ask further questions.

6

MR. KAPLAN: I have no further questions. I

7

appreciate your cooperation in appearing in sworn testimony

8

before the committees today.

9

THE WITNESS: Thank you.

10

MR. BUCK: I also have no further questions.

11

MR. FRYMAN: Thank you, Mr. Osborne.

12

(Signature not waived.)

13

(Whereupon, at 6:00 p.m., the taking of the

14

deposition was concluded.)

15

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Duncan E. Osborne

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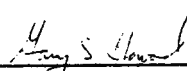
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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, Garv S. Howard, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.



Notary Public in and for the
District of Columbia

My Commission Expires November 14, 1990.

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DEPOSITION OF ROBERT OWEN

Monday, April 20, 1987

House of Representatives
 Select Committee to Investigate Covert Arms
 Transactions with Iran,
 Washington, D.C.

The select committee met, pursuant to call, at
 4:15 p.m., in Room H-128, The Capitol, W. Neil Eggleston
 (deputy chief counsel for the committee) presiding.
 Also present: Jack Taylor, Investigator, Select Committee
 to Investigate Covert Arms with Iran; Richard J. Leon,
 Deputy Counsel, Select Committee to Investigate Covert Arms
 with Iran; Terry Smiljanich, Associate Counsel, United
 States Senate, Select Committee on Secret Military Assistance
 to Iran; Thomas Hylden, and Leonard C. Greenebaum, Law Firm
 of Sachs, Greenebaum & Taylor, Counsel for Witness.

Declassified/Released on 18 DEC 87
 under provisions of E.O. 12958
 National Security Council
 K. JOHNSON

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1 Whereupon, ROBERT OWEN, after having been first
2 duly sworn, was called as a witness and testified as follows:

3 EXAMINATION

4 BY MR. EGGLESTON:

5 Q Mr. Owen, I am Neil Eggleston, Deputy Chief
6 Counsel of the House Select Committee to Investigate Covert
7 Arms Transactions with Iran. The purpose of this committee
8 as set forth in H.R. 12, is to investigate various activities
9 including both the Iran initiative and the activities of
10 various individuals in connection with the activities in
11 Central America, particularly the Contras in Nicaragua.

12 You are present here today pursuant to a subpoena
13 which has been issued by this committee and that subpoena
14 compelled you to be here today.

15 Let me ask you two questions: First, pursuant to
16 that subpoena and pursuant to the compulsion order, let me
17 ask you first, Mr. Owen, do you know a man by the name of
18 Oliver North?

19 A I refuse to answer that on the grounds that it
20 might incriminate me.

21 Q Mr. Owen, you have also been provided with duplicate
22 subpoenas, one directed to yourself, one directed to the
23 Institute for Democracy, Education and Assistance, and one
24 directed to the Council for Democracy, Education and
25 Assistance. Let me ask you now prior to the time that you

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3

1 have been granted immunity, whether you have any documents
2 to provide this committee pursuant to those three subpoenas?

3 A Again, I refuse to answer on the grounds that it
4 might incriminate me.

5 Q Mr. Owen, let me advise you that a U.S. District
6 Court judge for the District of Columbia has issued an order,
7 and I am going to read that order to you, and read that order
8 into the record. I might also add that I have produced
9 and provided a copy of this order to your counsel.

10 MR. GREENEBAUM: We have the order.

11 BY MR. EGGLESTON:

12 Q Nevertheless, just so the record is clear, I will
13 read it into the record.

14 It is captioned in the United States District
15 Court for the District of Columbia, and the caption "House
16 Select Committee to Investigate Covert Arms Transactions
17 with Iran, U.S. House of Representatives, Washington, D.C.,
18 20515, Applicant, Misc. No. 87-0104." There is a stamp
19 on it indicating it was mailed March 30, 1987.

20 "On consideration of the application by the House
21 Select Committee to Investigate Covert Arms Transactions
22 with Iran and the memorandum of points and authorities, and
23 exhibits, in support thereof, the Court finds that the pro-
24 cedural requisites set forth in 18 U.S.C § 6005 for an
25 order of the Court have been satisfied. Accordingly, it is

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1 ORDERED that Robert Owen may not refuse to provide any ⁴
2 evidence in proceedings before the House Select Committee
3 to Investigate Covert Arms Transactions with Iran on the
4 basis of his privilege against self-incrimination, and it is
5 FURTHER ORDERED that no evidence obtained under this Order
6 (or any information directly or indirectly derived from
7 such evidence) may be used against Robert Owen in any
8 criminal case, except a prosecution for perjury, giving a
9 false statement, or otherwise failing to comply with this
10 Order."

11 "It is FURTHER ORDERED that this order shall
12 become effective on April 19, 1987, signed by: Aubrey E.
13 Robinson, Jr., dated: March 30, 1987."

14 I also note for the record that today is April
15 20th, so the order is effective. The document I just
16 read to you has the certification and the seal of the U.S.
17 District Court for the District of Columbia on it.

18 This order, by its terms, removes your privilege
19 against self-incrimination. And in light of this order,
20 I direct you to respond to the questions that have been
21 posed to you, and other questions that will be posed to you.
22 And I would also ask the court reporter to direct you to
23 respond to these questions.
24 (Reporter directs witness to respond to questions of counsel.)
25

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1 BY MR. EGGLESTON:

2 Q Mr. Owen, let me first ask you various questions
3 with regard to the subpoenas which have been served on you.

4 First is a subpoena issued to Robert Owen, issued
5 by the House Select Committee, which is dated, I think the
6 24th of February, 1987, signed by Lee Hamilton, the Chairman
7 of the Committee.

8 Mr. Owen, do you have any documents, now that you
9 have been granted immunity and you are compelled to respond
10 to the questions that the committee poses to you, let me
11 ask you whether you have any documents which are responsive
12 to the subpoena?

13 MR. GREENEBAUM: Let me respond for the
14 record.

15 MR. EGGLESTON: Certainly.

16 MR. GREENEBAUM: In anticipation of the
17 immunity order and the direction to respond, Mr. Owen has
18 brought certain documents to facilitate as well as supple-
19 ment his testimony, which we would not have produced but
20 for the immunity order. I want that clear for the record.

21 BY MR. EGGLESTON:

22 Q I take it then, Mr. Owen, that you do have
23 documents to produce in response to that part of the
24 subpoena?

25 A Yes, I do.

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1 Q Could you provide those to us so that the court
2 reporter may mark those documents?

3 MR. EGGLESTON: Court Reporter, could you
4 mark this as RO-1, of today's date, and if you would just
5 mark the box for this purpose, at a later time we will go
6 through the documents in a more comprehensive fashion.

7 (The following document was marked as Exhibit
8 RO-1 for identification:)

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10 COMMITTEE INSERT
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1 BY MR. EGGLESTON:

2 Q Mr. Owen, you have now provided various documents
3 in response to the subpoena issued to you personally. Let
4 me ask you, do you also have documents which you are going to
5 produce to the committee in response to the subpoena com-
6 pelling you to produce documents which have been issued to
7 the Institute for Democracy, Education and Assistance?

8 MR. EGGLESTON: I understand, Mr. Greenebaum, the
9 comments that you made about the Owen subpoena issued
10 to Mr. Owen on behalf of the IDEA; is that correct?

11 MR. GREENEBAUM: That is correct.

12 THE WITNESS: I do have those documents.

13 MR. EGGLESTON: Please mark this RO-2.

14 (The following document was marked as Exhibit RO-2
15 for identification:)

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17 COMMITTEE INSERT
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1 BY MR. EGGLESTON:

2 Q Mr. Owen, there was a third subpoena which was
3 served on you which is also dated 24 February. It is
4 directed to the Council for Democracy, Education and
5 Assistance. Do you have any documents to produce pursuant
6 to that subpoena?

7 A No, I don't. I am no longer associated with that
8 association.

9 Q And you have no documents of that organization
10 under your custody or control?

11 A No, I don't.

12 Q Previous to the time that I read to you the
13 immunity order and directed you to respond and that
14 the Court Reporter directed you to respond, I asked a
15 question about whether or not you knew Oliver L. North.
16 Now that you have been granted immunity or that the immunity
17 order has been conferred on you, let me ask you again, do
18 you know a man by the name of Oliver L. North?

19 A Yes.

20 MR. EGGLESTON: At this time, unless there is an
21 objection, I will ask that this deposition be adjourned.

22 MR. GREENEBAUM: That is satisfactory.
23 (Whereupon, at 4:25 p.m., the deposition was adjourned.)
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COPY NO. 1 OF 2 COPIES

DEPOSITION OF ROBERT W. OWEN

Monday, May 4, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert

Arms Transactions with Iran,
Washington, D.C.

Partially Declassified/Released on 16 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

The committee met, pursuant to call, at 9:00 a.m., in
Room H-128, the Capitol, with W. Neil Eggleston (Deputy Chief
of House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel;
Richard L. Leon, Deputy Chief Minority Counsel, on behalf of
the House Select Committee on Covert Arms Transactions with
Iran; Dee Benson, Personal Representative to Senator Orrin
Hatch; Terry Smiljanich, Associate Counsel, United States
Senate Select Committee on Secret Military Assistance to Iran
and the Nicaraguan Opposition; and Richard H. Giza, Subcommittee
on Evaluation, Permanent Select Committee on Intelligence.

Also present: Leonard C. Greenebaum, Sachs, Greenebaum &

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1 Tayler; and Thomas Hylden, Attorney At Law, Sachs, Greenebaum
2 & Tayler, on behalf of the deponent.
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1 MR. EGGLESTON: Mr. Owen, for the record, my name is
2 Neil Eggleton, Deputy Chief Counsel to the House Select
3 Committee to Investigate Covert Arms Transactions with Iran.

4 This deposition is being conducted both by the House
5 Committee and the Senate Committee, and it is in furtherance
6 resolutions which establish both of those committees and pro-
7 vided for depositions to conduct those investigations.

8 Let me say at the outset that this deposition is
9 a continuation of a deposition which began some days ago, at
10 which time you were formally granted and presented with an
11 immunity order which immunized statements and any evidence
12 derived from any statements you may have made.

13 This deposition is a continuation of that deposition
14 and so it is similarly subject to those same provisions.

15 I might also say for the record that moments ago you
16 were sworn in by a notary public.

17 Let me also say that this deposition is being
18 conducted in order to provide some of the information or put
19 down some of the information that you have provided to us in
20 form we have talked at some length now about various aspects
21 your involvement from 1984 through 1986.

22 This is certainly not intended to be comprehensive.
23 I am going to ask you questions about various areas. I know
24 that you have taken lots of trips that you are not going to
25 testify to today because I am not going to ask you about
them.

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1 I am going to ask you just some things about various
2 conversations, and I know that you have had a number of
3 conversations with various people that I am not going to ask
4 you about, so I understand that during the course of this, you
5 are simply responding to my questions. You are not saying
6 everything you know about your involvement in this activity
7 from 1984 to 1986.

8 MR. GREENEBAUM: With your permission, I would like
9 to elaborate for a moment. I think the record should reflect
10 the immunity order and the direction to testify came after he
11 asserted his constitutional rights not to testify, and while
12 I appreciate that you don't plan to ask him about all the
13 things he knows about, I think the record should also reflect
14 that he has been interviewed and that you have already asked
15 him about those. It is not just a matter of his not testifying
16 about things you know he knows, but things that he has discussed
17 with you, and that he has been forthcoming and complete in his
18 answers.

19 I assume that the discussions are protected by the
20 immunity order as well as the testimony based on --

21 MR. EGGLESTON: That is correct.

22 MR. GREENEBAUM: I guess that should include the
23 documents.

24 MR. EGGLESTON: In addition, you provided Mr. Owen
25 various documents subpoenaed pursuant to you and organizations

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1 with which you were associated. Those documents were also
2 provided only after the immunity order was granted on you, and
3 indeed some of the questioning today will be based on document
4 that you provided to us, after the immunity order was served
5 upon you.

6 WHEREUPON,

7 ROBERT W. OWEN

8 was called as a witness and, having been duly sworn, was
9 further examined and testified as follows:

10 EXAMINATION BY MR. EGGLESTON:

11 Q Mr. Owen, could you just tell me very briefly about
12 your educational background and your work background up until
13 the time you began with Gray & Company?

14 A I graduated from high school from Moses Brown School
15 in Providence, Rhode Island, in 1971, went to Phillips Academy
16 in Andover for the next few years, and then I graduated and
17 attended Stanford University and subsequently graduated in
18 1978.

19 From 1976 -- from 1977, I worked in St. Paul School
20 in Concord, New Hampshire, and from 1977 to 1980, I worked at
21 the Brentwood School in Los Angeles, California.

22 In the summer of 1980, I made a decision to go to
23 Thailand to work with the U.R. Refugee Program, and I did that
24 in the fall of 1980. I returned to the United States when I
25 heard my father was terminally ill with cancer in late 1980.

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1 I came to Washington seeking employment in 1981,
 2 and started in September with the Senate Republican Conference.
 3 I worked there until March of 1982, where I then went to
 4 work for Senator Don Quayle as Assistant Press Secretary and
 5 then moved into his slot as Legislative Assistant for Foreign
 6 Affairs, and I did that, working with him until late 1983,
 7 where I then went to work for Gray & Company in their Inter-
 8 national Division, and I worked from there until late 1984 and
 9 from then started my involvement with this effort.

10 Q During the period of time that you were at Gray &
 11 Company, did you work on a proposal relating to the contra?

12 A Yes, in the spring of 1984, I believe it was in
 13 April, either one of our vice presidents was approached by
 14 Bosco Motamorris or they just met and perhaps the vice presi-
 15 dent asked that there might be something we could do for them.

16 Neal Livingston, who was then senior Vice President
 17 at Gray & Company asked me to follow up on it. I had several
 18 meetings with Bosco Motamorris, a representative. PDN and a
 19 fellow by the name of Alvero Rizzo.

20 But after my first meeting, I went to talk with
 21 Lieutenant Oliver North of the NSC to discuss this with him.

22 Q Is this the first time you met with Colonel North?

23 A No. I met the colonel, I believe, in July 1983
 24 when I was with Senator Quayle, an Indiana constituent named
 25 John Holt had come to our office along with three other people.

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1 He had just come in from Costa Rica and had a
2 Nicaraguan with him who had just come in off of fighting in
3 Nicaragua. I felt that it was important that they get to see
4 as many people as possible in the United States Government to
5 talk about what was going on down there, and one of the meet-
6 ings I had was with Lieutenant Oliver North.

7 Q You have indicated while you were with Gray & Compaa
8 there was an approach made about whether or not Gray &
9 Company could do some work for the contras and I take it that
10 resulted in some sort of a report?

11 A After I went to see Colonel North, I asked him
12 where this was coming from, and he said that certain people had
13 suggested to the FDN that they find representation in
14 Washington, and it was my understanding he said that they had
15 given him a list of names of companies.

16 We had several meetings, and out of that, came a
17 proposal that Neal Livingston, senior vice president, and I
18 worked on where we suggested that possibly proprietary compan-
19 ies be set up.

20 This would be outside of Gray & Company's involve-
21 ment. This would be in a private effort, because at that time
22 we knew the funding was running low, and they needed some way
23 to find a bridge gap until congressional money would be
24 removed.

25 Q And what did you do with the document that you and
Mr. Livingston --

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1 MR. GREENEBAUM: I am not sure he finished his
2 answer.

3 THE WITNESS: I am fine. I provided to Lieutenant
4 Colonel Oliver North in there there were several options. One
5 was going with the proprietary route and the other was setting
6 up some non-profit organizations which could then go out and
7 actively fund raise for humanitarian goods.

8 The proprietaries would be used to purchase things
9 that may not be able to be purchased inside the United States.

10 BY MR. EGGLESTON:

11 Q By things, what are you referring to?

12 A Arms and other military needs that they may have.

13 Q Did you discuss the memorandum with Colonel North?

14 A Yes, I did.

15 Q Do you remember approximately the time frame when
16 you provided the memorandum to Colonel North?

17 A That probably was in May of 1984.

18 Q Did you discuss the memorandum with Colonel North?

19 A Yes, I did.

20 Q And what was the discussion?

21 A Out of that, a decision was made that I would go
22 down and do a survey [REDACTED] looking
23 at what their needs would be.

24 At that time, I also suggested I take a
25 representative from a congressional office with me, because I

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1 thought it would be good that they have a clear idea of what
2 was going to be needed, in case or when the President submit
3 another request for funding for them.

4 We flew from Washington to Costa Rica in May of
5 1986, and I subsequently [REDACTED]

7 Q And while down there, did you have occasion to speak
8 with people associated with the FDN?

9 A Yes, I did.

10 Q Did you discuss with them their funding needs?

11 A Yes, I did. I was told that they would need a
12 minimum of \$1 million a month to continue, and if they were
13 have the same military resources such as arms and other things
14 they would probably need a million and a half a month and that
15 would potentially help them grow a little bit as well.

16 Q When the trip was over, did you speak to Colonel
17 North about the trip you were taking?

18 A Yes, I did.

19 Q And did you tell him about the military, the
20 financial needs that the FDN had relayed to you?

21 A [REDACTED]

22 [REDACTED]

23 that was told [REDACTED]

24 in an official [REDACTED]

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1 of Eden Pastora occurred.

2 Q And did you discuss with Colonel North the
3 requirement of \$1.5 million, if the contras were to expand
4 their military capability?

5 A Yes, I did.

6 Q You indicated that you were down in Costa Rica at
7 the time the bombing took place. What do you know about the
8 bombing?

9 A I was staying at John Hull's apartment in San Jose,
10 and that evening I had a brief meeting with [REDACTED] at the time
11 It was more of a get-together [REDACTED]
12 [REDACTED] he and I had heard a lot about each
13 other.

14 We discussed the situation and also the needs of
15 the South. We were woken up that evening by several Nicarag-
16 uans who came to the house and told John that a bombing had
17 taken place, that Pastora was wounded. They didn't know when
18 whether he was killed or not.

19 They subsequently asked John to go out and help
20 bring in the wounded. I believe he got in touch with some
21 representatives of the United States Embassy, and the decision
22 was made that he would not go out there.

23 Previously that day, we talked with members of the
24 then-Pastora Air Force, a quasi-Air Force, and they had asked
25 what they should do with their planes, because the funding was

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1 being dropped.

2 We didn't necessarily think it was appropriate
3 that they were talking with us. When they asked, we suggested
4 they move the planes [REDACTED] and they ended up doing
5 that.

6 Q Do you recall writing a letter to Colonel North

7 [REDACTED]

8 A I may have. I wrote a number of them.

9 Q There is a reference in a letter which we have ob-
10 tained from Colonel North's office. It says, "[REDACTED] the to-
11 we talked about, I will be having a meeting this week to lead
12 what clarifications are needed."

13 Do you recall what that was a reference to?

14 A It would have been talking about arms. Toys would
15 have been arms.

16 Q And later in that document, there is a reference
17 to an individual that you were meeting with. Do you recall
18 who that individual was?

19 A I don't recall the individual's name, but he had
20 done work in [REDACTED]

21 Q By done work, what do you mean?

22 A I believe he may -- he is an American who may have
23 done some representation.

24 Q And you don't recall who it was?

25 A No, not right offhand. I think if I think about it

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1 I may be able to come up with it. It was suggested that I get
2 together with him because he would potentially have access to
3 putting together a deal for the procurement of articles out of
4 [REDACTED]

5 MR. SMILJANICH: Could you read the date of that
6 letter?

7 THE WITNESS: July 2, 1984.

8 MR. SMILJANICH: Who is it addressed to?

9 THE WITNESS: "Dear Ollie." I was dumb enough to
10 sign it.

11 BY MR. EGGLESTON:

12 Q Signed Rob; is that correct?

13 A Signed Rob, yes.

14 Q Mr. Owen, did you attend a meeting in August of 1984
15 in Dallas?

16 A Yes. I was working out of Dallas as a volunteer
17 for the Reagan -- for the Republican Convention, and Oliver
18 North flew out for a meeting of CNP, which is the Council for
19 National Policies. It is a conservative non-profit organiza-
20 tion.

21 Also in attendance at that meeting were Adolfo
22 Colero and General Jack Singlaub. I met General Singlaub for
23 the first time and it may have been the first time I met with
24 Adolfo Colero; I don't remember.

25 Q Did the four of you all meet at the same time?

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1 A We met a couple different times over that period.

2 I think it was over that days.

3 Q And what were the discussions about among your
4 people?

5 A The discussions of fundraising for the FDN, the need
6 to find assistance for them so they can get through this period
7 period until the United States picked up assistance again.

8 Q Was there discussion about the need to provide
9 military equipment to the contras?

10 A I believe so.

11 Q And that was a discussion among yourself, Colonel
12 North, Mr. Calero, and General Singlaub?

13 A Yes, I believe so.

14 Q Let me direct your attention to late October of 1981.
15 During that time period, [REDACTED]

16 [REDACTED]
17 A May I clarify one thing? It wasn't until late
18 August or in August some time that we did submit a proposal
19 from Gray & Company to the FDN. Gray & Company made a decision
20 that it did not want to represent the FDN, and Adolfo Calero
21 felt it was probably too expensive and prohibitive to do that
22 anyway, so he and I had several discussions [REDACTED]

23 From October 26 to October 31, I did go to [REDACTED]
24 and while there I did meet with Adolfo Calero.

25 Q Did you have conversations with Calero about you

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1 working for him?

2 A Yes, at that time he and I had talked about
3 possibilities, and I made an offer that I would be willing to
4 leave Gray & Company and work full time in an effort to help
5 them in any way that I could.

6 Q Was there any discussion with him about how much he
7 would pay you for that?

8 A It may have taken place there or just when we got
9 back in Washington, but a decision was made that I would be
10 paid \$2,500 a month and most of my expenses for whatever travel
11 that I incurred.

12 Q Did you have any conversation with him at this time
13 about what it was that you would do for him?

14 A It was very loosely defined and it was doing
15 anything that I could to help them in the cause, whether it
16 be from a public relations effort to providing information
17 to keeping track of things here in Washington.

18 Q Did you also have conversations down there with
19 Mr. Calero and John Hull?

20 A Yes, I had been talking to Mr. Calero some time
21 about John Hull and his ability or his knowledge of the effort
22 [REDACTED] and I introduced
23 Mr. Calero to Mr. Hull at that meeting.

24 Q And were there any financial arrangements discussed
25 between the two of them?

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1 A They discussed about Mr. Calero providing Mr. Hull
2 with funds to again be a bridge gap for the effort in the
3 South. These funds would provide food and humanitarian
4 goods for the contras in the South.

5 Q And how much money was Calero going to give to Hull
6 in order to help with the humanitarian assistance in the South?

7 A \$10,000 a month.

8 Q And do you know how long those payments lasted?

9 A I believe they lasted into September, possibly
10 October 1985.

11 Q And at that time is when --

12 A The NHAL funding came in.

13 Q The United States Government humanitarian assistance
14 began?

15 A Yes.

16 Q Let me direct your attention to mid-November of 1985.
17 At that time, did you take a trip to Central America?

18 A Yes, I was still working for Gray & Company, but
19 took personal leave. Colonel North had invited me over to his
20 office and we had several discussions, and he provided me with
21 pictures and also maps which showed the gun emplacements at
22 the Augusto Sandino Airport in Managua, Nicaragua, and he asked
23 me to take this material down [REDACTED] and give it to Adolfo
24 Calero.

25 Q Do you know where Colonel North obtained the maps?

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1 A I believe it was from the CIA, but I am not positive
2 on that.

3 Q What did Colonel North tell you about where he
4 obtained them, if anything?

5 A I believe he may have said he got it from across the
6 river.

7 Q Did he mention any particular individual's name?

8 A No.

9 Q Did he ever tell you who it was across the river who
10 provided them to you?

11 A No, not at this time.

12 Q By across the river, did you understand Langley,
13 which is the headquarters for the CIA?

14 A I suspected as much.

15 Q Was across the river frequently the way Colonel Nor
16 or occasionally the way Colonel North referred to the CIA?

17 A It was either across the river or up the river.
18 It varied.

19 Q And what was the purpose of taking the maps down to
20 Calero?

21 A At that time, the information had come in that the
22 Soviets had provided MI-24 helicopters to the Sandinistas,
23 and they were being put together at the Sandino Airport in
24 Managua.

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5 The thought was that the FDN could undertake a
6 mission with their push-and-pull aircraft, they had three of
7 them at the time, to attack the Sandino Airport and try and
8 destroy some of the MIG 24s, excuse me, MI-24s, before they
9 were put together and just destroy them on the ground.

10 Q Do you know whether such a mission was every
11 attempted?

12 A No, a decision was made not to do it. It would
13 have probably ended up in a suicide mission.

14 Q Let me direct [REDACTED]

down, a

[REDACTED] to Central America

15
16 A Yes, at that time I had already left Gray & Company
17
18 and I was working in essence full time, and trying to help the
19 effort, and I had a meeting with Colonel North and he asked me
20 to take a trip down there and ferry some maps and other things
21 for him.
22

23 Q And did you obtain maps from Colonel North?

24 A Yes. I went over to the White House early one morn
25 ing, and to the Situation Room, and he showed me the largest

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1 map which I was to take down, but it was stapled or already
2 put on, I guess you would call it a back-up board or Styrofoam
3 board.

4 It was too large to be able to handle, and he made
5 a comment, well, that just shows the incompetence of the CIA.

6 Q Did he make any telephone calls to anybody?

7 A He did. He said, "Look, why don't you come back
8 this afternoon and I will try and get something. I will call
9 over there and we will try and get a smaller version."

10 I went back, I believe that afternoon, and he still
11 did not come through with the new version that they wanted me
12 to take, and picked up the phone again and called over the
13 agency and asked them where it was.

14 Q Do you know who it was he spoke to at the agency?

15 A I believe it was [REDACTED]

16 Q Did you know [REDACTED] position at that time?

17 A I believe I know that he was Director of the Task
18 Force although I am not sure.

19 Q The Central American Task Force?

20 A Yes. Actually, at that time, he may have tried to
21 get [REDACTED] and he might not have been available, so
22 he may have talked to one or two other people trying to get
23 the -- find out when the material would be ready.

24 MR. EGGLESTON: Could I have this marked RO-3.

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1 (Whereupon, RO Exhibit No. 3 was marked
2 for identification.)

3 BY MR. EGGLESTON:

4 Q Let me show you what has been marked RO-3, which is
5 a letter that begins, "Dear Friend."

6 MR. GREENEBAUM: I am sorry. It says "My friend."

7 BY MR. EGGLESTON:

8 Q "My friend," thank you.

9 Based on the contents of this letter, do you have
10 opinion about who it was sent to or who it was addressed to?

11 A I believe it would have been addressed to Adolfo
12 Calero and the contents of the letter shows that I may have
13 taken it down with me on that February trip, because at that
14 time on the map were located various Sandinista positions and
15 also Lieutenant Colonel North was talking about the need for
16 the FDN to move its location from [REDACTED] where its command
17 location was to another location [REDACTED]

18 [REDACTED]
19 Q There was handwriting on the draft which I have just
20 shown you marked RO-3. Do you recognize the handwriting?

21 A It looks like Colonel North's
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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Q There is a paragraph at the very bottom of the page making a reference to \$20 million being deposited in the usual account.

Did you know at the time that money was going to be deposited, money in that amount was going to be deposited into an account?

A No, but I believe that Colonel North told me to tell Adolfo that funds were coming.

Q Did Colonel North tell you where the funds were coming from?

A No, he did not.

Q Did he tell you that the funds would be of this magnitude?

A No, he didn't.

Q Are you learning this now for the first time?

A I had seen that document before.

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1 [REDACTED] reference

2 [REDACTED] special operations

3 'Do you know to whom he is referring when he refers
4 to the British friend?

5 A No, I don't know the individuals by name, although
6 on one occasion in one of my meetings with Colonel North he
7 discussed how he did have some -- I should say made reference
8 to the fact that he had some British friends who were doing
9 some special operations for him.

10 Q Did he tell you what the special operations were?

11 A At that time, it had been announced in the newspaper
12 that there had been several [REDACTED] and

13 [REDACTED] hospital and

14 [REDACTED] that.

15 [REDACTED]

16 [REDACTED]

17 Q And he indicated to you that his British friends ha
18 done that?

19 A Right.

20 Q Who did you understand the British friends to be?
21 Were they official British military?

22 A I had no idea. I didn't pursue it with him.

23 Q Was it your understanding that --

24 A I believe at one time he may have said they were

25 SAS.

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1 Q In fact, there is a reference to them in this
2 letter they were SAS; is that correct?

3 A I believe so.

4 Q But it was your understanding that they had engaged
5 in this --

6 A In essence, they were doing some contract work.

7 Q For Ollie North?

8 A That is my summation.

9 Q Do you recall when you returned from this trip, as
10 best you now recall, when you returned from this trip with a
11 munitions list from Mr. Calero?

12 A I believe I may have, yes.

13 Q And I take it there were occasions that you do recall
14 returning from trips to Central America with munitions list?

15 A Yes.

16 Q And this may have been one of those occasions?

17 A Yes.

18 Q Assuming that you are remembering right that this
19 was one of those occasions, who did you give the munitions
20 list to?

21 A Oliver North.

22 Q And do you recall anything about this particular
23 munitions list, what was on it, what was requested?

24 A No, other than it was small arms ammunition, and
25 at the time the FDN was in need of everything, mortar rounds,

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1 M-79, ammunition, and just things that they would need to
2 continue their operations.

3 Q Did you discuss the list with Colonel North?

4 A I just gave it to him and went over it briefly with
5 him, that is, if this was the occasion that I brought them
6 back. There were several times and I just can't remember the
7 dates.

8 Q Did you also go down to Costa Rica in late February
9 [REDACTED]

10 A Yes, I did. I went down at the request of Colonel
11 North. This was going to be the first meeting of all the
12 Nicaraguan opposition groups, and out of this came the San Jose
13 accords on March 1, and that was when Adolfo Calero, Alfonzo
14 Robello, and Arturo Cruz came together and said they would move
15 forward in a united effort to bring democracy to Nicaragua.

16 Q And did anyone else from the United States go
17 down there?

18 [REDACTED] International Business Communica-
19 tion, [REDACTED] were also
20 there.

21 Q And while down there, did you have communications
22 with Colonel North?

23 A Yes, I did. I kept him informed as I heard things
24 so that he would be aware of it, and then when he had question
25 I know that he got in touch with the [REDACTED]

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1 Q [REDACTED]

2 A Yes. There was a problem because [REDACTED] [REDACTED] [REDACTED]
3 decided to expel Adolfo Calero from Costa Rica before they
4 could have their new conference, and that was a concern that
5 that would not take place, so you could not get the press
6 coverage that everyone had hoped to come out of this.

7 Q Did Colonel North relay instructions back to you
8 about how to deal with situations that came up during the
9 course of the conference?

10 A With some things, I just kept in touch with Miller
11 and Gomez and also Adolfo Calero.

12 Q Let me direct your attention to March of 1985.
13 Did there come a time in March of 1985 when you provided
14 money to [REDACTED]

15 A Yes.

16 Q Do you know the circumstances behind you having to
17 provide him with funds?

18 A It may have been in March or it might have been
19 early April. I am not sure which it was. [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 Q And as a result of that, you provided him with
2 funds?

3 A On one occasion, I was in Colonel North's office
4 and he provided me with Travelers Checks which he asked me
5 to change into cash so that I could then turn around and pro-
6 vide that to [REDACTED] as a payment.

7 Q Did you see on this occasion or other occasion where
8 he obtained the Travelers Checks from?

9 A Yes. He pulled them out of, I believe it was the
10 bottom drawer in his safe in his office.

11 Q It was a safe that was actually in his office?

12 A Yes, sir.

13 Q And on this occasion, or on other occasions, did
14 he comment to you whose safe it had been previously?

15 A Yes. We had a laugh because it was the same safe
16 where the thousand dollars that former National Security
17 Adviser Dick Allen had kept.

18 Q Do you know where Colonel North obtained the
19 Travelers Checks from?

20 A There was a system, my understanding is there was a
21 system set up between him and Adolfo Calero and that Adolfo
22 Calero would bring Travelers Checks up to him as needed.

23 Q Did you ever carry Travelers Checks from Calero to
24 North?

25 A No, I did not, but on occasion I did tell Adolfo

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1 Calero that Colonel North needed some new funding.

2 Q Was anyone else involved in providing this money
3 to [REDACTED]

4 A Because there was either six or seven thousand
5 dollars that had to be changed into dollars from Travelers
6 Checks, he asked Jonathan Miller, who at that time was doing
7 some work with him, to change part of them into Travelers
8 Checks, excuse me, change part of the Travelers Checks into
9 dollars.

10 Q And Jonathan Miller did that?

11 A Yes, he did.

12 Q Where did --

13 MS. BENSON: Could I ask just one question. Whose
14 name was on the Travelers Checks?

15 THE WITNESS: They were always blanks and then we
16 would fill in the names. In this case, we had to use our own
17 names to cash them.

18 MS. BENSON: So you would use Robert Owen?

19 THE WITNESS: I would use Robert Owen. Unfortunatel
20 I wasn't provided with any false identification, or fortunatel
21 as the case may be.

22 BY MR. EGGLESTON:

23 Q Or fortunately, yes.

24 And where did you provide the money to [REDACTED]

25 A I set up appointments and he came over to my

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1 Q Was Jonathan Miller there?

2 A No, he was not.

3 Q In or about March of 1985, did you also provide
4 money to [REDACTED]

5 A Yes. I was asked to meet [REDACTED] as a matter of
6 fact, I picked him up outside the Old Executive Building,
7 and we went for a ride and had a conversation and I did provide
8 him with some cash at that time. Actually, they may have been
9 Travelers Checks; I just can't remember.

10 Q Do you remember the approximate amount of money
11 that he provided you?

12 A A couple thousand dollars. I can't remember; maybe
13 3,000, 2,000.

14 Q And where did you obtain the money provided you?

15 A From Colonel North.

16 Q Did you see him on that occasion, if you recall,
17 take it out of the same safe?

18 A Yes, he did. I might add that he kept very careful
19 records. Whenever he would take funds out, he would write it
20 down so that he knew where his money was going.

21 Q Do you recall having a conversation with [REDACTED]
22 at the time that you provided him with the money about addi-
23 tional funding that may be available?

24 A Yes, it was the hope at that time -- excuse me,
25 that all the democratic opposition could be united [REDACTED]

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 There was an effort that was being undertaken to
5 try and bring all [REDACTED] together under one umbrella
6 organization as had been done with the Nicaraguan opposition
7 through the San Jose Accords, and I was asked to relate to
8 [REDACTED] that if he was willing to come together in a unity
9 agreement, he would be provided with more funds to help sus-
10 tain his effort.

11 At this time, he was about to depart
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]

16 [REDACTED] at this time the
17 March or April vote was coming up, and so the thought was that
18 he would be able to bring some more Members of Congress over
19 to support the aid package.

20 Q But in general, you indicated to him that if he were
21 to join the other forces, that additional funding would be
22 available to him?

23 A Yes.

24 Can I just interrupt?

25 (Discussion off the record.)

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1 BY MR. EGGLESTON:

2 Q In late March of 1985, did you take another trip
3 to Central America?

4 A Yes, I took a trip [REDACTED] where I provided
5 [REDACTED] with between two and
6 three thousand dollars in Travelers Checks, and this was to
7 help support his [REDACTED] office [REDACTED] This was from
8 [REDACTED]
9 [REDACTED]

10 A Of 1985, yes, sir.

11 Q And again on this occasion, you obtained the
12 Travelers Checks from Colonel North's safe?

13 A Yes.

14 Q Or Colonel North obtained them from his safe?

15 A Yes.

16 Q And did you provide them as cash or as Travelers
17 Checks?

18 A I think in this case, I provided it in Travelers
19 Checks.

20 Q And again they would have been blank?

21 A They would have been blank, yes, sir. They were
22 all drawn up to one or two different banks in Miami.

23 Q And during the [REDACTED] the 10th to the
24 [REDACTED] a
25 [REDACTED]

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1 A Yes, I was visiting with Mr. Hull, and he got a
2 radio call from one of his farms saying that a plane had landed
3 there and they were trying to find another airstrip, but they
4 didn't know how to get there and so John Hull and myself and
5 two others flew up to the airstrip.

6 The plane was, I believe, an islander which at one
7 time had been part of Pastora's Air Force, and it was flown by
8 I believe, two Nicaraguans and there was also a Cuban on board
9 and they said they were flying in from [REDACTED]
10 [REDACTED] and that they were trying to find some crew who
11 had set up this delivery process.

12 I did not look in the plane to see whether there were
13 arms on it or not, and I did not really ask. They did say it
14 was some military supplies that they were bringing in.

15 We subsequently took off and Hull flew them to the
16 airfield that they were supposed to go to, where the plane was
17 then unloaded, but I did not watch the unloading or find out
18 necessarily what was on the plane. It was serendipity that I
19 happened to be there at the same time.

20 O MR. EGGLESTON: Let me have this marked RO-4.

21 (Whereupon, RO Exhibit No. 4
22 was marked for identification.)

23 BY MR. EGGLESTON:

24 Q This is a memo to the Hammer from TC, subject,
25 "Southern Front." It is a memorandum dated April 1, 1985, and

FINCH ACQUISITION

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1 it was provided to the committees pursuant to the subpoenas
2 that were issued to you and provided after the immunity order
3 was conveyed upon you.

4 On page 2 of the document, there is a reference to
5 various weapons. The document is generally about the
6 Southern Front and the need to augment the Southern Front,
7 and on page 2, there are references that I have now yellowed,
8 references to providing weapons.

9 A Yes.

10 Part of this comes from a meeting that I attended
11 here in Washington, D.C. It was with three or four members
12 of the Southern Front, headed by a fellow by the name of
13 [REDACTED]. He and his compatriots had come to Washington
14 in the hopes of meeting with Colonel North.

15 [REDACTED] asked me to meet with him. I did. I had met [REDACTED] in
16 1983 when I first visited [REDACTED] so he did know me.

17 On it was a list, [REDACTED] excuse me, included in the pack
18 is a paper that had been put together to help start a new
19 Southern Front, and this I provided to Colonel North.

20 Q Also attached to this document is a list of
21 munitions; is that correct?

22 A Yes. This list is their current inventory that the
23 had or that they knew of. As you can see, it is not very much
24 47-AKs, 7 FALS, and 4 M-4s and 18 SKs.

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15 letters

10 letters
EL SALVADOR
COSTA RICA

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1 Q And did you provide this memorandum and its attach-
2 ments to Colonel North?

3 A Yes, I did.

4 (Discussion off the record.)

5 BY MR. EGGLESTON:

6 Q Mr. Owen, did you write a memorandum following a
7 trip in March of 1985 to Colonel North?

8 A Yes, I wrote one dated March 28, in which I told
9 him about the flights that had come in [REDACTED]
10 [REDACTED] and discussed the problem with [REDACTED] and it seemed
11 to be no knowledge of people [REDACTED] about this coming
12 in, and it was being handled in a haphazard way, and it seemed
13 to have been an operation being run by a Cuban by the name
14 of [REDACTED]

15 Q Let me direct your attention to mid-April of 1985.
16 Did you have occasion at that time to take another trip to

17 [REDACTED]

18 A Yes, on April 13.

19 Q And during the course of that trip, did you provide
20 an update of the maps to [REDACTED]

21 A It was an update of the maps. The potential
22 for a Sandinista offensive to take place, Colonel North was
23 concerned about that. The maps that I carried showed the
24 prep locations of the Sandinista military around the border,
25 where the potential offensive was going to come, and there was

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1 a suggestion where [REDACTED] could move his troops.

2 Q Had you obtained those maps from Colonel North?

3 A Yes.

4 Q Do you know where Oliver North had obtained the
5 maps?

6 A No. I suspect it was probably from the CIA. I
7 gave -- when [REDACTED], I gave the maps to [REDACTED]

8 Q Let me direct your attention generally to April of
9 1985. Do you recall providing money to [REDACTED] at that
10 time?

11 A Yes, it was about that time he was in town, and I
12 provided some funds for him for living expenses while he was
13 here.

14 Q Do you recall approximately how much money that was?

15 A It may have just been a few hundred dollars. I
16 think there was another time that I may have provided him with
17 some \$1,200 that he was owed.

18 Q You think it was not this occasion, though, in
19 April of 1985?

20 A It may have been one other time when he was up here.
21 I just don't remember when. I am sorry, let me just go back.

22 I said that I provided the maps [REDACTED]

23 [REDACTED] is that right?

24 MR. HYLDEN: You said [REDACTED]

25 THE WITNESS: It was in [REDACTED]

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1 BY MR. EGGLESTON:

2 Q This was a trip that you had taken to [REDACTED]

3 A Right.

4 Q Again the money that you provided [REDACTED]
5 obtained that money, I take it, from Colonel North?

6 A Yes, I did.

7 Q In 16 to 19 May of 1985, you again took a trip to [REDACTED]
8 [REDACTED] is that correct?

9 A Yes. At that time, [REDACTED] was concerned
10 about some of his people. He had a number of wounded, so we
11 were told, inside Nicaragua. He wanted to get them out. This
12 was brought to our attention by [REDACTED] who was his
13 representative in Washington.

14 I had several meetings with Colonel North, and
15 Johnathan Miller about how to set up, in essence, an evacuati
16 of those people. It was decided that I would take funds down
17 to buy gasoline. We had arranged for a motor to be purchased
18 for them down [REDACTED]. They already had a boat.

19 And so I went down, met with [REDACTED] provided
20 funds, and he had already been provided with an outboard moto
21 for their boat.

22 Q Approximately how much money did you provide to
23 [REDACTED] on this occasion?

24 A I think between funds and goods that were purchased
25 somewhere around seven to eight thousand dollars.

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1 Q Do you recall in what form you provided him with
2 the money?

3 A I believe it was in Travelers Checks, and he was
4 rather upset because it was difficult for him to cash Travele
5 Checks in [REDACTED].

6 Q Again, you obtained the Travelers Checks from
7 Colonel North?

8 A Right.

9 Q Let me show you what I would like to have marked
10 RO-5.

11 (Whereupon, RO Exhibit No. 5

12 was marked for identification.)

13 ldd ends/#1

14 md fls/#1a

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1 BY MR. EGGLESTON:

2 Q Let me show what has been marked as RO-5 and ask you
3 whether this two-page document or three-page document, first
4 is page 1, in your handwriting, and secondly, what is the
5 document that is attached to it?

6 A It is my handwriting. It is a list from [REDACTED]
7 [REDACTED] and his people as far as what they needed, what they
8 felt they needed to supply their men with arms and uniforms.

9 Pages 2 and 3 is the list, runs everything from
10 boats to munitions to mortars to boots and uniforms.

11 Q And you got this list from [REDACTED]?

12 A Yes. At the time, we were trying to develop a way
13 that we could supply his people. The thought was that it would
14 be easier to supply his people [REDACTED]
15 because the travel time [REDACTED]

16 [REDACTED] but there was a problem that existed [REDACTED]
17 [REDACTED]

18 Q What did you do with the list?

19 A I gave it to Colonel North.

20 Q And did you discuss it with Colonel North?

21 A I believe I would have gone over it, yes.

22 Q What was your understanding that Colonel North would
23 do with a list like this?

24 A Colonel North was in essence at times the quarter-
25 master for the effort, and when various equipment was needed,

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md 2

1 it would usually be discussed with him or asked how he could
2 supply the assistance.

3 Q And it was then North, it was your understanding that
4 North would figure out a way to provide the weapons?

5 A Yes. In this case, I don't think we ever did,
6 were able to provide them.

7 Q Do you know a man by the name of [REDACTED]

8 A Yes [REDACTED]
9 [REDACTED]

10 Q Did you, in the spring of 1985, provide money to
11 [REDACTED]?

12 A Yes. At some point, I believe it may have been in
13 April, I got a call from Colonel North to come over to his
14 office, where he then provided me an envelope which had funds
15 which he wanted me to pass on to [REDACTED] who was
16 in town. *15 letters*

17 Q Did you do so?

18 A Yes, I did.

19 Q On this occasion you provided it, you obtained
20 cash from Colonel North?

21 A I believe it may have been a combination of cash
22 and traveler's checks.

23 Q Did you cash the traveler's checks?

24 A No.

25 Q So, whatever Colonel North gave you is what you

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1 provided to [REDACTED]

2 A That is right.

3 Q And where did you give the money to?

4 A It was on a rainy evening, and I stood outside
5 17th Street, across from the Old Executive Office Building.
6 A car pulled up, and the window was rolled down, and I say
7 it was [REDACTED] and provided him with the funds.

8 Q Did you have any conversation with him?

9 A No. There was another American who was with him, who
10 I recognized and just said hello to.

11 Q Let me direct your attention to early June of 1985.

12 In early June, did you have occasion to have conversations with
13 General Singlaub?

14 A Yes, I did. I flew from Washington to Denver and
15 drove up to his home in Tabernash. He asked me to come out
16 for a series of meetings he was having, and at that time also,
17 he was putting the final touches on the purchase of a large
18 quantity of arms for the FDN.

19 Q And on whose instructions did you fly to Denver?

20 A It was a combination, in talking with General
21 Singlaub and also talking with Colonel North.

22 Q What was your understanding about what you were going
23 to do in the meeting with General Singlaub?

24 A It was to sit in on the meeting he was having with
25 several people who were coming to see him, and then also assist

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md 4

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1 him in any way that I might be able to.

2 Q And the assistance you were providing was with regards
3 to an arms transaction?

4 A It turned out that he had to get some finalized
5 figures from Adolfo Calero. At the time, Adolfo Calero was
6 giving a speech in San Francisco, the next day, so I flew to
7 San Francisco and had a meeting with Adolfo.

8 Q Who were the other people that General Singlaub was
9 meeting with in his home?

10 A He was meeting with Colonel Bob Brown of Soldier
11 of Fortune Magazine, and several of his compatriots. I know
12 some of the names and some I don't remember now. Do you want
13 the rest of them?

14 Q No, that is okay. Did you then fly to San Francisco
15 and meet with Mr. Calero?

16 A Yes, I did.

17 Q And the purpose of that trip was to discuss?

18 A To go over the final quantities of arms that were
19 going to be purchased through General Singlaub.

20 Q Did you take a list with you?

21 A I did take a list, yes, sir.

22 Q And did you, in fact, meet with Calero and go over
23 the list?

24 A Yes. He was in a rush. He and I ended up sitting
25 in the back seat of a car that was driven by, I believe, Richard

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d 5

1 Ainsworth and someone else was in the front seat. I had a yellow
2 legal pad with a listing of all the munitions that were going
3 to be purchased on it, and we went through it one by one to
4 see if those were the correct quantities that he wanted.

5 Q And during the course of driving around in a car,
6 did you have occasion to call Colonel North?

7 A Yes, we stopped by a pay phone, and I had talked with
8 Colonel North earlier in the day and he asked me to be sure
9 to have Adolfo call him. I got out, placed the phone call,
10 talked to him a few minutes, gave the phone to Adolfo and
11 then they had a conversation.

12 Q Did you call him at the OEOB?

13 A Yes.

14 Q And did you hear Calero's half of the conversation?

15 A He was talking about, I believe he was talking about
16 some new purchases that he needed and some funding.

17 Q New purchases of what?

18 A Possibly some arms. I am not sure that he mentioned
19 the term arms over the phone. We had always tried to talk
20 somewhat in codes, so whoever was listening wouldn't quite
21 be able to understand it, but if they had any common sense,
22 they probably could.

23 Q But it was your understanding the conversation was
24 about an arms requirement?

25 A Partly. There were other things that were discussed.

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1 Q After the meeting with Calero and going over the
2 list, you then communicated with General Singlaub?

3 A Yes, I did. I provided him with the final list
4 of what it was that Adolfo wanted. We had a code worked out
5 that we could do over the phone.

6 Q Do you recall the approximate total value of this
7 shipment, of this amount of arms?

8 A Somewhere between 5 and \$5.5 million.

9 Q And just generally and quickly, do you remember what
10 was called for?

11 A [REDACTED] AK-47s, [REDACTED] rounds of ammunition,
12 I think [REDACTED] grenades. One of the questions that General
13 Singlaub had was about the purchase of M16-7s. He believed
14 he had [REDACTED] M16s. Adolfo felt it would be too
15 expensive, and also at this time, he was trying to get the
16 British Blowpipe.

17 Q Did you receive a gift, or was a gift received
18 during the course of this trip?

19 A I brought a gift to Adolfo Calero from Jack Singlaub.
20 It was a Brazilian hand grenade which had been hollowed out,
21 and a Zippo lighter had been put in it.

22 One of the scary things was that I walked through
23 the Denver Airport and I never set off the alarm.

24 Q After returning to Washington in early June, after
25 this transaction involving General Singlaub, did you discuss

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1 the deal with Colonel North?

2 A Yes, I went in and had a meeting with him and went
3 over the list. As a matter of fact, I provided him the same
4 list that I had gone over with Adolfo Calero.

5 Q And so, it was a list that totaled about \$5.2
6 million, or between \$5 and \$5.5 million?

7 A Right, and a discussion took place about the SA-7s
8 and the British Blowpipes and so forth.

9 Q What was the discussion about the SA-7s and the
10 British Blowpipes?

11 A At the time, Colonel North was trying to get some
12 blowpipes, or had potential access to getting some SA-7s
13 that I thought he might be able to get at a less expensive
14 cost.

15 Q In mid-June, about June 9 of 1985, did you fly to
16 Miami with Colonel North?

17 A Yes, I flew down the day before. I was asked to go
18 down and rent several rooms at the hotel at the airport of
19 Miami International. He was coming down for a meeting with
20 ~~Melito Calero~~, Alfonso Bobello and Arturo Cruz, and I was
21 asked to set up for that meeting, and he flew in on Saturday
22 night around 12:30 p.m. -- or a.m., excuse me, and then
23 I put him on a flight that left towards Atlanta at 5:00 a.m.

24 Q And did a meeting take place with Colonel North and
25 others?

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1 A Yes. There was Colonel North was there, along
2 with Alfonso Robello, Arturo Cruz and Adolfo Calero and
3 Jonathan Miller was also in attendance with me.

4 Q And what was the purpose of the meeting? What was
5 discussed?

6 A The meeting was to go forward in discussing the
7 unity amongst all the groups, in setting up UNO.

8 (Discussion off the record.)

9 BY MR. EGGLESTON:

10 Q During the course of this trip, did you provide
11 any money to any contras?

12 A I ended up staying several days longer in Miami,
13 where I had a series of meetings with various representatives
14 of the Indian factions. At the time, we were trying to
15 encourage a unity meeting amongst the Indians in Miami, where
16 they would get together and discuss a program, to put together
17 an assembly, either [REDACTED] or on the [REDACTED]
18 border, where they would elect a new leadership, and I did
19 have some funds that I provided to [REDACTED] for living
20 expenses.

21 Q And how much money was that?

22 A \$2500 to \$3,000, somewhere along there, I think.

23 Q And where did you obtain that money?

24 A From Colonel North.

25 Q And in what form did you provide the money to [REDACTED]

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1 [REDACTED]

2 A Traveler's checks.

3 Q Did you provide it in traveler's checks?

4 A I believe so, yes. It was also either at that time
5 or before that, I had a meeting with [REDACTED] and one
6 of the other [REDACTED] leaders, and I placed a call to [REDACTED]
7 [REDACTED] to [REDACTED] to try and get them on talking terms,
8 and try to have [REDACTED] attend this meeting, and he
9 subsequently did come up to Miami for the meetings.

10 If I may add, I may have taken a day trip down
11 later the next week to provide more funds. I don't remember,
12 but I don't think [REDACTED] had come at that time, and I
13 ended up going down to provide some money for [REDACTED]

14 Q Providing money to [REDACTED] in a separate trip.

15 A Right, or money to [REDACTED] plus to some of the
16 others, an additional fund, but we were in essence trying
17 to support them while they were here going through their
18 meetings.

19 Q Let me direct your attention to late August of 1985.
20 Did you travel to Costa Rica at that time?

21 A Yes, I did.

22 Q And what was the purpose of traveling to Costa Rica
23 in late August?

24 A I was asked to go down on behalf of Colonel North
25 to meet with [REDACTED] to

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[REDACTED] that could be used
2 to resupply the democratic resistance.

3 Q And Colonel North asked you to take the trip?

4 A Yes, he did.

5 Q And who in Costa Rica did you discuss this with?

6 A I was met by one [REDACTED] at the airport, and I
7 subsequently had some meetings with him, and then I also had

8 [REDACTED] and the [REDACTED]

9 [REDACTED]
10 [REDACTED] And the purpose was to discuss where to obtain, where
11 to place the air strip?

12 A Yes, it was. There were two openings at the time,
13 and they had pretty much settled on one, and we discussed this
14 with [REDACTED] arranged for us to
15 fly out the next morning by helicopter to do a survey of the
16 site.

17 Q And did you?

18 A Yes, I did, and I took pictures and brought them back

19 Q Was there discussion about using offshore accounts
20 companies in order to establish the airfield?

21 A Yes, we discussed what kind of cover operation could
22 be established, so that we would not draw too much attention.
23 The thought was to set up a Panamanian company if one didn't
24 already exist, and have the property either purchased or
25 rented by several Americans who would [REDACTED] other

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1 ~~dedicated testing center or for some other means to use it~~

3 Q And did you discuss this concept with Colonel North?

4 A Upon my return, I provided the pictures and provided
5 a memo to the Colonel on the establishment of the airfield.

6 Q And that is the memorandum that you provided to us
7 that is dated August 25, 1985?

8 A Yes.

9 Q Did you have any further dealings with this airfield?

10 A I had some, but a decision was made at that time to
11 take me off the account. NHAO was about to be formed, and
12 the thought was that it would be best to have me become
13 legitimate and therefore possibly go to work for NHAO.

14
15
16
17
18
19
20 Q Let me direct your attention to late August or early
21 September of 1985. Did you have a conversation with Colonel
22 North about [REDACTED] at that time?

23 A There had been a series of discussions going on for
24 quite a while about trying to raise money from [REDACTED] countries
25 I was asked to come in and see him, and asked to pay a visit

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1 the representative at the time [REDACTED]
2 [REDACTED]
3 [REDACTED]

4 Q And were you given anything to take with you?

5 A Yes, I was given an envelope which had a foreign
6 bank account number on it.

7 Q Do you know where the bank account was?

8 A I believe it was Switzerland.

9 Q And you know this not because you saw it in the
10 envelope, but because Colonel North told you what was in the
11 envelope?

12 A Right.

13 Q And did you, in fact, give it to the representative
14 of [REDACTED]?

15 A Yes, I did. I had a meeting with him, and provided
16 him with that envelope, and thanked him very much for whatever
17 he could do to help.

18 Q Who was the individual?

19 A It was [REDACTED]
20 [REDACTED]
21 [REDACTED]

22 Q Did you have a conversation with the representative?

23 A Yes, it was a brief conversation. We talked about
24 what was in the envelope, and the need for it, and also how
25 much it was appreciated. I believe in the conversation, he di

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1 say that he had several conversations with Colonel North, and
2 also Gaston Sigur may have come up.

3 Q Was the conversation about the contras?

4 A It was in essence, and it was also talking about
5 their need and how our government certainly would appreciate
6 whatever assistance they could provide.

7 Q What other --

8 A I will add that when I did go, I did say that I was
9 not a formal representative of the United States Government,
10 that I was a private individual.

11 Q What other [REDACTED] countries were mentioned as
12 being possible sources of funds for the contras?

13 A [REDACTED]

14 Q Any others that you recall?

15 A No. Subsequently, I heard [REDACTED] was one, too.

16 Q These are in conversations that you had with Colonel
17 North, I take it, where other countries were mentioned?

18 A Yes. Also, General Singlaub had been actively
19 trying to solicit assistance.

20 Q Let me direct your attention to September and October
21 of 1980. It is my understanding from prior conversations with
22 you that you took three trips to New York in or about that
23 time in order to obtain money.

24 Could you just very briefly describe each of those
25 three trips, on whose instructions you took the trip, and the

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1 logistics for the trip?

2 A Again, I had several conversations with Oliver North
3 One time, I was called in and asked to go to New York to pick
4 up a packet from him. He put me on the phone with Mr. Copp.

5 Q C-o-p-p?

6 A C-o-p-p. Who I knew was General Secord, and he
7 gave me instructions. I flew to New York. I then called Copp
8 to get the final instructions, and on two occasions, I went to
9 a bank, and was given a name of a person to go see, and then I
10 was handed an envelope. Once I did see them, I said who I was
11 from.

12 Q When you said where you were from --

13 A I believe I said you are expecting me, I am from
14 Mr. Copp. I believe I used Mr. Copp's name.

15 Q And on another occasion, you obtained money not from
16 a bank, but from another place?

17 A No, on Rosh Hashanah, which I believe was September
18 16th, 1985, it was a bank holiday in New York. I flew to
19 New York, again talked with General Secord. He gave me the
20 address of a corner Chinese deli on the West Side, the Lower
21 West Side of New York, a Chinese vegetable stand, and I went to

22 --

23 BY MS. BENSON:

24 Q You said Lower West Side?

25 A Yes. I went to the location. I had been given a

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1 name. I asked for the person, and I told them that I had been
2 given a name to use by General Secord, and I gave him that
3 name. It was not Secord. It was something like Manny, but I
4 really can't remember.

5 The individual then went behind the counter and
6 unrolled his pant leg, I believe, and pulled out a wad of
7 \$100 bills and then asked me if I wanted to count them. I
8 subsequently did, and there were 95 \$100 bills.

9 I then flew back to Washington, went to the Sheraton
10 Carlton Hotel, where I was to meet General Secord. I saw
11 him in the bar. I went downstairs and used the house phone,
12 called the bar, told him I was there; he came out, met me in
13 the lobby, and I handed him the money rolled in a newspaper.

14 Then I did say, well, I think he must have taken his
15 5 percent. I commented that there was \$9500 there. I thought
16 I would provide an even 10,000, but he said through the
17 currency restrictions, he didn't want the money to be \$10,000
18 or higher, so that is why it was \$9500.

19 BY MR. EGGLESTON:

20 Q Mr. Owen, in October of 1984, you had become employed
21 as a consultant to NHAO; is that correct?

22 A Yes.

23 Q And did you become employed as a consultant through
24 the foundation that you had set up?

25 A Through an organization called the Institute for

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1 Democracy, Education and Assistance. It was founded in
2 January 1985 as a nonprofit 501(c)(3).

3 Q Mr. Owen, in late November of 1985, did you take a
4 trip down [REDACTED], did you not, with regard to a humanit
5 flight?

6 A In November --

7 Q Of 1985?

8 A Of 1985, November 13, I flew down [REDACTED] to d
9 a survey of the needs and how things were going. Money had
10 started to flow at the time, so I met with a number of the
11 FDN, also with [REDACTED] and with [REDACTED]
12 [REDACTED]

13 Q I am not going to ask you any more details about t
14 trip, although you have provided them to us in prior meeting
15 that we have had. Let me direct your attention to the
16 trip that you took in January of 1986, the 11th to the 18th.
17 I understand that at that time, you took a trip from New
18 Orleans actually down to [REDACTED], is that correct?

19 A Yes. I had met with Colonel North, and he asked m
20 to accompany a flight that was going down to [REDACTED]. At
21 the time, though, I was working for NHAO. I still let him k
22 what I was doing, and did some work at his request, so I had
23 to walk a very fine line with NHAO, and Ambassador Dooling,
24 I did fly to New Orleans, and then drove over to Gulfport,
25 Mississippi, where I met with some representatives of the Na

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1 who were providing the Butler Buildings, and then on SAT,
2 Southern Air Transport, L-100 came in to the air strip there.

3 We loaded on the Butler Buildings and we flew to
4 [REDACTED] where the buildings were unloaded
5 and they were to be used to store at that time potentially
6 NHAO goods, because [REDACTED] had shut off flights, and we had
7 a backlog of material that had to get down there.

8 Q You take then an additional series of flights or
9 trips down to Central America in the winter and spring of 1986.

10 A Yes.

11 Q And let me just ask you on one occasion, you became
12 involved with one particular flight that had a series of meetin
13 -- or with you and Chi Chi and Colonel Steele. Could you
14 relate when that took place, and information about that
15 particular flight?

16 A I met with Colonel North, I believe, sometime around
17 the 23rd of March, and during this time, we were continuing
18 to try and find ways to supply the southern front with arms
19 inside Nicaragua, either through air drop or any other means.

20 A SAT flight was going down from Dulles to Miami,
21 and then on to [REDACTED] I went up to Dulles, picked up the
22 SAT flight. On board was a representative of Dick Gadd and
23 myself, and flew to Miami.

24 Where there, we tried to, the pilots tried to get
25 equipment that could be used for an air drop. The idea was

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[illegible]

8 Q Chi Chi Contero?

15 He did, and the reply came back that the FDN had no
16 released the arms.

17 BY MR. SMILJANICH:

18 Q Was that

19 A You mean at [REDACTED] It was neither one. It was
20 one of their representatives. He did a coded call into the
21 [REDACTED] and they tracked down, I believe they tracked down
22 [REDACTED] The arms that we were going to move had already co
23 into [REDACTED] and they were
24 supposed to have been moved over to [REDACTED] by this time,
and to be loaded up, or the FDN was going to provide some of

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1 the arms and munitions. This did not take place. We were in
2 [REDACTED] Several calls were made to Colonel North, also by
3 Colonel Steele [REDACTED] and a call
4 was placed to [REDACTED] cancel the drop when
5 things didn't work out.

6 We went through a series of meetings to try and come
7 up with a way to get the arms. Finally, it was decided
8 to scrub the mission. They went back to Florida, and I went
9 down to [REDACTED]

10 BY MR. EGGLESTON:

11 Q Mr. Owen, you had other trips which you took to
12 Central America throughout the summer of 1986.

13 A Until June of 1986.

14 Q Until June of 1986?

15 A Right. My last trip for NHAO, I came back on May 30.

16 Q And let me just direct your attention and just cover
17 some things in a summary fashion.

18 Obviously, these are areas that you have substantial
19 additional information about, and you have provided that to
20 us, but almost by my summary, you previously told us that you
21 had conversations with Colonel North about the CIA purchasing
22 the private material that had been used for the private supply
23 operations, is that correct? You had previously told us about
24 that.

25 A Yes. He had hoped that the agency would pick up the

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1 private network that had been set up and use that.

2 Q Those conversations you had with Colonel North were
3 in the summer of 1986?

4 A Summer or early fall, and he was rather upset because
5 the agency didn't want to touch any of it. They felt it was
6 tainted, and the people were already exposed, and so they did
7 not want to have anything to do with it.

8 Q You have also told us that a meeting took place between
9 you, at least one, in or about ~~September of 1986 with General~~
10 ~~Secord, whom he told you about things.~~

11 One of the things that he told you about was the
12 ~~decision in 1985 to remove Cafero from control of the funding,~~
13 and that the funding control was put in the hands of Secord
14 and Colonel North; is that correct?

15 A Yes, it is.

16 Q And did he also tell you about a meeting that had
17 taken place between himself and Director Casey?

18 A It was either at that meeting or another meeting
19 he talked about it, at least one if not several meetings he had
20 with Director Casey.

21 Q During the course of the meeting between Secord and
22 Director Casey, Secord had discussed with Director Casey the
23 situation in Nicaragua, and also the purchasing of the assets
24 of the airfield; is that correct?

25 A I believe so. I am not sure.

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1 Q You were relating to us in any event?

2 A Right.

3 Q What Secord told you about the meeting.

4 A Right, and it may have been -- yes.

5 BY MS. BENSON:

6 Q Yes?

7 A Yes, as well as I can remember. There were things
8 we needed to discuss, I talked at at least one meeting with
9 Director Casey about the effort.

10 Q Do you recall General Secord saying that he had
11 spoken with Director Casey about the CIA purchasing the
12 air strip and the other assets connected with the air supply
13 operation?

14 A I believe so. I can't be 100 percent positive, but
15 I believe so.

16 BY MR. EGGLESTON:

17 Q It is your best recollection that in the meeting
18 that you had with General Secord, General Secord had told you
19 about this meeting with Casey, and you think that is one of the
20 things?

21 A It was either in this meeting or a meeting I had with
22 General Secord in Colonel North's office.

23 Q And when would that have been in relation to this?

24 A Sometime in late 1986.

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1 BY MR. LEON:

2 Q Who was at that meeting?

3 A Secord, Ollie and myself.

4 BY MR. EGGLESTON:

5 Q Mr. Owen, let me ask you in the spring of 1985,
6 at the time that you were providing the money to the various
7 contra leaders, did you and Colonel North joke about who was
8 going to jail first?

9 A Yes, we would joke about that.

10 Q And did you also joke with Jonathan Miller about that?

11 A Yes, we did. We thought we should bone up on our
12 chess games so that we could play between the bars.

13 Q And was this because of the sort of generally
14 festive and unseemly nature of distributing money on rainy
15 street corners outside the OEO Building?

16 A I would say that might be an appropriate statement.

17 Q Was there any specific discussion of the Boland
18 amendment and whether or not you were violating the Boland
19 amendment?

20 A It was very questionable. I think everyone knew we
21 were walking a very fine line.

22 Q But nevertheless, you joked that you might have
23 gone over the line and might end up in jail?

24 A Yes.

25 Q Let me ask you, did Colonel North tell you whether or

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1 not the President of the United States knew what Colonel
2 North was up to in Central America?

3 A He did not say it in those words. He did say,
4 I once asked him about the memos that I provided to him, and
5 he said they went across the street to those above him. He
6 did say, don't worry, what you are doing, you are doing it for
7 -- is what the President wants done, and it is for God and
8 Country.

9 Q You knew at that time that the President was meeting
10 with various private fund-raisers; is that correct?

11 A Yes.

12 Q And you knew that the meetings he was having with
13 the fund-raisers was with regard to raising money for the
14 contras?

15 A Yes.

16 Q And that that money was being funnelled into Colonel
17 North?

18 A I knew that funds were being pulled together. I
19 didn't know where it was all being funnelled. Are you speaking
20 about one particular group, one particular fund-raising group?

21 Q I wasn't speaking about one group in particular,
22 actually. What I was really asking about is just whether or
23 not you had any conversations with Colonel North about whether
24 or not the President knew about where the money was going to
25 go, and the purpose for which the money was going to be raised.

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1 A Actually, those conversations didn't really take
2 place between me and Colonel North.

3 Q Did Colonel North tell you, as he has told others,
4 that the President knew what he was doing with regard to
5 maintaining the operation in Central America?

6 A I got that impression, yes.

7 Q Did he say things to you that led you to conclude
8 that the President knew?

9 A He said, what you are doing you are doing for -- I
10 can't exactly remember what the words were, and I don't want
11 to put words into his mouth, but it was in essence, the fact
12 that what we were doing was for this President and for this
13 Administration.

14 Q But knowing Ollie, you didn't have any reason to
15 think that he was doing it completely on his own?

16 A No. I once had a conversation with him, as a matter
17 of fact, the day that all of this broke, and his comment
18 was, "You know, I would never do anything unless I was ordered
19 or I was under order to do it. I would not do anything on
20 my own."

21 MR. EGGLESTON: Thank you very much.

22 MR. GREENEBAUM: I only want to ask you one thing.
23 Near the end, you started to give what appeared to be a menu
24 of things that this witness has discussed with you, and I would
25 only want the record to reflect that you discussed many things

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1 which were not in that menu. I don't think you meant it to be
2 all-inclusive.

3 MR. EGGLESTON: Mr. Greenebaum has just indicated
4 to me that I had listed various things, in quickly going through
5 the end of the deposition, the various things that Mr. Owen
6 has told us about. That list was not intended to be exclusive
7 in any fashion.

8 He has also told us about a number of things that
9 occurred in the summer of 1984 to 1986.

10 THE WITNESS: I would just like to add that on several
11 occasions, Colonel North did tell me that he would be the
12 fall guy if things went bad.

13 MR. EGGLESTON: Thank you.

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1 (The deposition was moved to room 2261 Rayburn House
2 Office Building).

3 Mr. LEON: Back on the record.

4 We have taken a briefing break and
5 relocated our offices.

6 Just to introduce myself for the record
7 my name is Richard Leon, the Deputy Chief Minority Counsel,
8 for the House Committee , and with me is Terry Smiljanich,
9 Counsel for the Senate Committee.

10 BY MR. LEON:

11 Q I would like to pick up a few areas, Mr. Owen,
12 that you previously discussed with Mr. Eggeston, and go over
13 those with you.

14 First of all, with respect to the discussion that
15 came up regarding Ambassador Duemling, and the fine line you
16 were walking, I think you were talking about your involvement
17 in the Bulter Building?

18 A Right.

19 Q Being located later

20 A Into

21 Q discuss me. Would you elaborate a little
22 bit with respect to your comment about you were walking a
23 fine line there?

24 A It was Oliver North's suggestion that I apply for
25 job at NAHO. When I first went to meet Ambassador Duemling
he didn't see that there would be a place for me. I think

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1 that he probably in the beginning, felt that he was pressured
2 to hire me by Oliver North and possibly others. I think in
3 the beginning also, he therefore, was very wary of me and what
4 I was doing. He looked upon me perhaps as Oliver North's man
5 in the inside who could keep him informed as to what was
6 going on.

7 Again, in the very beginning he wasn't quite sure
8 what it was that I was going to do, and he may have felt he
9 was saddled with me, but he eventually -- we ended up having
10 a very good working relationship, at least I think so, and I
11 tried to keep him as best informed as I could.

12 There was always some question as to who I really
13 worked for. During a GAO investigation, they asked me do
14 you work for, you know, or do you work for Oliver North, or
15 do you work for NAHO. And I said, I am paid by the State
16 Department. I contract to them, but the UNO people
17 are the ones I am supposed to be responsible to. So, in
18 essence I was sort of working for three different groups --
19 NAHO, Oliver North, and UNO.

20 Q Did you have any reason to believe that the funds
21 that were paying your salary came from UNO?

22 A No, I knew that they were U.S. Government funds
23 from the State Department, part of the \$27 million grant.

24 Q Now, with respect to the Butler Building, when you
25 said you were walking a fine line, did you consider your

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1 conduct at that time to be potentially in violation of the
2 Boland amendment?

3 A No, as a matter of fact, the reason I said that
4 about walking a fine line with the Butler Building is because
5 I knew about it before Ambassador Duemling talked to me about
6 it, so that is how. I mean, everyone was sort of playing
7 bames, and Colonel North didn't want Ambassador Duemling to
8 get upset with me, so we sort of had to finesse a number of
9 things.

10 Q But you didn't consider your conduct in assisting
11 with those buildings, to be potentially in violation of any
12 law, and in particular, the Boland amendment?

13 A No. Specifically because the decision to move the
14 Butler Building down there was predicated on the fact that
15 no supplies could go through [REDACTED] The thought was that
16 [REDACTED] could be a staging point for air drops to the FDN and
17 potentially the troops in the south, and it would be able to
18 provide a way station. Obviously, the thought was humanitarian
19 goods could be used for it, but subsequently, they were used
20 for arms as well.

21 Q At another point in your testimony earlier, you
22 were talking about conversations that you had with Colonel
23 North and Mr. Second with respect to the resupply operation,
24 and certain of its assets -- in particularly airplanes and
25 the airstrip. Do you recall that?

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1 A Yes.

2 Q With regard to that, I would like to see if I
3 could clarify something for the record. Was it your impression
4 that Colonel North, in 1986, believed that those assets, the
5 airplanes and the airstrip, were things that were going to be
6 sold to the CIA, or just given to the CIA?

7 A It was my impression that they probably were going
8 to be given. General Singlaub --

9 Q Singlaub or Secord?

10 A No, I am changing. Singlaub is another individual
11 who I had a number of dealings with and the General on one
12 occasion, hoped that he would be able to sell his assets,
13 or at least get reimbursed at cost, so he could then go use
14 those funds for other efforts that he was involved with, but
15 he was told that that was not going to be the case, that he
16 would have to give them over, and even by his giving them,
17 there was some question whether the CIA would make use of
18 them.

19 Q Was it your impression that General Secord believed
20 that those assets were owned by the Contras or by Udall or
21 some others?

22 A We never really discussed that, but during several
23 conversations the thought was that in essence they wanted --
24 my impression was they wanted to give them to the agency or
25 have them pick up --

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1 Q Who is they?

2 A Ollie -- Colonel North, General Secord. At least
3 they wanted to have the agency pick up the tab for the cost
4 of fuel, the planes and the pilots, and the network that had
5 been put together, so that it wouldn't have to come out of
6 funds that may not exist any longer, or may have run out by
7 then.

8 Q When you say the planes, do you mean the CIA would
9 purchase the planes?

10 A That, I don't know. I can't comment on that.

11 Q Can you comment as to whether it was your
12 impression that there was any disagreement between North and
13 Secord as to what should be done with those planes?

14 A I don't know.

15 Q Did you sense any?

16 A No. The only sense I had was that Ollie wanted
17 the equipment to be used, seeing as they were already in place
18 and felt there was an ongoing operation.

19 Q You have mentioned in your prior testimony [REDACTED]
20 [REDACTED] Did you have any personal meetings or conversations

21 [REDACTED]
22 A I never had any personal meetings [REDACTED]
23 but on numerous occasions when I [REDACTED] North's
24 office, he would pick up the phone [REDACTED]
25 [REDACTED] member of the

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1 RIG organization?

2 A Yes, I was. I knew that in essence that the RIG
3 was Oliver North, Elliott Abrams, and [REDACTED]

4 Q Did you ever have any personal meetings or
5 discussions with Elliott Abrams?

6 A No, I did not.

7 Q With respect to [REDACTED] did North comment to
8 you from time to time [REDACTED] involvement in this?

9 A No. The only conversations would be when he had
10 phone calls with him while I was in the office, but we did
11 not discuss his intimate knowledge or working relationship,
12 although I was under the impression that everything Oliver
13 North did, and I will add here most everything that [REDACTED]

14 [REDACTED] did, [REDACTED] knew about.

15 Q That is more specifically what I wanted to get to.
16 You dealt with [REDACTED] extensively?

17 A Yes.

18 Q Was it your impression that his acts with respect
19 to this program, were done with the knowledge and consent of

20 [REDACTED]?

21 A I believe that they were at least done with his
22 knowledge. I don't know whether [REDACTED] consented to it.
23 I think one of the things that should be kept in mind is that
24 the difference between [REDACTED] is that in
25 [REDACTED] there was an ongoing military effort and a structure

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1 that existed. There was no real structure in the south, and
2 it was an effort undertaken by a number of people, including
3 [REDACTED] and myself, and others, to try and develop
4 the structure so that there would be something to use in the
5 south for a second front against the Sandinista military.

6 Q Did you ever get the impression from [REDACTED]
7 that he was acting either outside the knowledge of [REDACTED]
8 or against the orders of [REDACTED]?

9 A No. I knew from conversations that there was some
10 potentially some animosity between [REDACTED] and [REDACTED]
11 but I did not get the impression that he was -- let me just
12 backtrack and say that the operation was small enough so that
13 [REDACTED] knew what was going on. I am constrained that he
14 knew what was going on.

15 Q Did Ollie North ever give you the impression in
16 either anything he said or anything he did, that he was asking
17 [REDACTED] to do something, anything, without the knowledge
18 of [REDACTED]?

19 A No, I did not get that idea. But in April I did
20 take an encryption device down to [REDACTED] so that he
21 could have his own --

22 Q April of what year?

23 A April of 1986 -- his own secure communications
24 link directly with Oliver North so that he wouldn't have
25 to run to the secure line everytime they talked.

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1 Q The secure line at the Embassy?

2 A At the Embassy and at Ollie's office, yes.

3 Q Do you know whether or not [REDACTED] was aware of that?

4 A That, I do not know.

5 Q Do you know if [REDACTED] had a similar such device?

6 A That, I do not. My guess is no, because Ollie

7 just picked up the secure line and called him.

8 Q With respect to Ambassador Tambs, did you deal
9 with im directly?

10 A I first met^t Ambassador Tambs in Oliver North's
11 office before he went down to Costa Rica to assume the
12 Ambassadorship. Ollie introduced me as one of his people that
13 would be traveling frequently down there. The Ambassador said
14 any time you are down, please stop in and see me. So, on
15 most of my trips down there, I did go in and visit him.
16 Sometimes I would be alone, but most of the time [REDACTED] would
17 joint us.

18 Q Was it your impression that Ambassador Tambs was
19 communicating with Elliott Abrams with regard to his conduct
20 down there?

21 A I don't know that.

22 Q You don't know?

23 A I would imagine, but I don't know that for sure.

24 Q Did you have any reason to think that Elliott
25 Abrams was unaware of Mr. Tamb's conduct?

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1 A No.

2 Q With respect to Colonel Steele, did you deal with
3 Colonel Steele?

4 A The first time I met Colonel Steele was with the
5 MIL Group commander [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]

9 I then saw him again in March, at the time we had
10 gone down there and were trying to put together the first d
11 to the forces in the south.

12 Q In March of '86?

13 A March of '86, yes. He was in on several meetings
14 I had with Chichi Coterro and Felix Rodriguez.

15 Q You only dealt with him twice?

16 A Yes, I believe that I was only in [REDACTED] I think
17 three times or four times.

18 Q How about Mr. Gadd? Did you have many dealings
19 with him?

20 A I had a couple of lunches and maybe three or four
21 times we had lunch together. I think I was introduced by
22 phone to him as Mr. East, and Colonel North had asked me to
23 in contact with Mario Calero, and to encourage Mario Calero
24 to talk to Mr. East and also to set up a meeting so that Mr
25 East would be the person they would turn to when flights

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1 started up again, he would be the contact officer for moving
2 the goods, and I also mentioned it to the NAHO people that he
3 would probably be a good person to use. Subsequently, I
4 learned his name was Gadd.

5 Q And Robert Dutton, did you deal with him?

6 A Never met him.

7 Q Never met him?

8 A I don't believe so, no. I don't believe I ever met
9 him.

10 Q How about Max Gomez?

11 A I had met Max initially in March of 1985. I was
12 introduced to him as someone who could do a number of good
13 things down south. I believe that it was at that time he was
14 trying to decide whether to go to work with the FDN or go to
15 work in Salvador; and we discussed some of the thing that he
16 would be able to do for the FDN [REDACTED] and try to set
17 up various programs that were necessary.

18 I talked to Colonel North about him, and he said
19 yes, but he thought he was going to Salvador. I then met him
20 in March when I was down there, and then again in April [REDACTED]
21 [REDACTED]

22 Q Were you aware of any conflict between Max and with
23 the Second operation with respect to the use of planes and
24 the distribution of those planes, those assets to the CIA in
25 the future?

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1 disagreement as to who owned the assets and whether or not
2 they should be given to the CIA or sold to the CIA?

3 A No, that did not come up.

4 Q Were you aware that Colonel North had a meeting
5 with Dutton and Felix Rodriguez in June of '86 in which he
6 castigated allegedly Felix Rodriguez?

7 A I knew that there was a meeting when Colonel North
8 had flown down to [REDACTED] and met with Felix and met with
9 Colonel Steele, and I believe [REDACTED] accompanied him
10 on that meeting, and they had talked about the assets and what
11 was going on. I knew that there were always problems with it.
12 There were concerns of mismanagement, there were concerns of
13 funds not getting through on time. There were concerns of
14 the quality of equipment and the lack of coordination.

15 Q Did you discuss with Colonel North the possibility
16 that the contras were being ripped off, defrauded by Secord
17 and other people working down there with Secord?

18 A In March of 1986 I made a memo to Colonel North in
19 which I discussed some concerns that people had about the
20 possibility that General Secord was making large profits out
21 of this.

22 Q This is concerns of who?

23 A Concerns on the street that I had heard from a
24 variety of sources, and also at one time, I am not sure it was
25 at this point or another point, Adolpho Calero had made

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1 mention of it, and at this time in the memo, I put in Tom
2 Clines and several others.

3 Q Did you see any evidence to indicate that Secord
4 was doing such a thing?

5 A Was making money off it? No.

6 Q Have you ever seen such efforts?

7 A No.

8 Q Have you ever seen any direct involvement by Tom
9 Clines in any of these activities, or Secord or his other
10 people?

11 A No. I just knew that he was involved.

12 Q Do you know if the name Clines and the defrauding
13 of the contras came up in the context of the meeting with
14 Donald Gregg in August of '86?

15 A I don't know that for a fact. I heard a rumor that
16 there was some concern about money being ripped off. I know
17 Felix Rodriguez had a concern that people were making money
18 off of this effort.

19 Q Did Colonel North give you his assessment of whether
20 such things were happening, in his opinion?

21 A I believe it was in that March meeting, where I
22 talked to Colonel North about it, and he said "I don't believe
23 that Secord is making money off of this."

24 I believe on one other occasions, when I talked,
25 he talked about Secord using his own money to set up a variety

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1 of proprietaries that were being used. At that same meeting
2 in March I brought up Peter Maas' book, where the list of
3 figures ran like a whos who in the contra operation, and a
4 concern ^Was voiced by [REDACTED]
5 It may not have been that meeting, it may have been a
6 subsequent meeting, but also the fact that there were
7 allegations that monies were being ^gmade and that the contras
8 were being ripped off.

9 Let me just add that also in that same discussion
10 I talked about another group who were saying that they were
11 working for Secord and North, but in essence had their own
12 arms operation going, and they subsequently became known as
13 the Supermarket Contras, but were using as a cover, from what
14 I had heard, Secord and North's names.

15 Q Do you know who those people were?

16 A They were connected with Rob Merton. David Duncan
17 was one of them. There is another name -- Alberto Cappa, and
18 Patrice Genty.

19 Q You have testified previously to handling money
20 on behalf of North?

21 A Right.

22 Q To give to other people, and you saw on numerous
23 occasions North in the possession of money in his vault?

24 A Right.

25 Q In the safe?

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1 A Right.

2 Q Let me start at the top here. As to yourself,
3 besides the money you were paid as salary for your acts here,
4 did you ever personally profit in any way, shape or form, from
5 your activities down there?

6 A While I was working for Adolpho Calero, I made
7 \$2500 a month, and whatever my travel expenses were, and I
8 provided an accounting to Adolpho Calero -- and I would also
9 provide a copy of that accounting, I would also usually provide
10 a copy of the accounting to Oliver North.

11 When I would take trips to New York to get the
12 funds, I was paid usually out of North's safe for whatever my
13 expenses were.

14 When I worked for NAHO, I was provided a contract
15 which said the maximum I could get would be \$3650 a month.
16 I took \$3350, the other \$500 I used to help cover expenses,
17 phone calls, things like that.

18 On one occasion, on my wedding, I was given a
19 thousand dollars and that probably came from those funds. So
20 that would be my only profit perhaps.

21 Q Who gave it to you?

22 A Oliver North.

23 Q Did you understand that that was a gift?

24 A Yes, it was in essence I guess you could say, a
25 bonus or whatever, for the work that I was doing, but I would

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1 like to add right now that I am in debt and have no job, so
2 I don't think I profited from it.

3 Q Do you have any knowledge --

4 A And my wife will certainly admit that I didn't
5 profit for it.

6 Q Do you have any knowledge about Colonel North
7 making any profit or taking any money from any of these funds
8 that he was in possession of or distributing to anybody?

9 A I had heard on one occasion from one source who I
10 did not always find reliable --

11 Q Who is that?

12 A A fellow by the name of [REDACTED] I brought
13 his name up before. I did not always think his information
14 was reliable. I would find it very difficult to believe that
15 Oliver North profited from it.

16 As one person said, if Oliver North profited from
17 it it just shows there is no Santa Claus.

18 Q You have no evidence that indicates that?

19 A none whatsoever.

20 Q And you have seen nothing that indicates that?

21 A I had heard rumors that --

22 Q from [REDACTED]

23 A from [REDACTED]

24 No, I have no evidence.

25 Q And when did [REDACTED] tell you this rumor?

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1 A The spring of '86, I believe.

2 Q And how much under his rumor?

3 A He didn't say. He didn't give any costs.

4 Q Where is [REDACTED] now?

5 A I don't know. Maybe Florida.

6 Q Do you have any knowledge, have you seen any

7 evidence or do you know of any evidence indicating that [REDACTED]

8 [REDACTED] made any profit or took any money in relationship to
9 these activities?

10 A No, I have no evidence and I would believe, as
11 with Oliver North that neither one of them made any money out
12 of this.

13 Q How about Ambassador Tambs?

14 A I have no evidence and I again would believe that
15 they would not make money out of this. They were U.S.
16 Government employees who were doing what they thought was
17 right.

18 Q How about Colonel Steele?

19 A Again, I have no evidence.

20 Q How about Adolfo Calero?

21 A Again, there was quite a bit of speculation, rumor
22 that he or his brother, Mario, were making money, but I have
23 no evidence.

24 Q How about General Secord?

25 A Again, rumors ran rife, and there was speculation

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1 by a number of people that he was making money off of this.
2 They were Nicaraguans who brought this up to my attention.
3 There were Americans that brought this up to my attention, but
4 I have no evidence nor no knowledge that he was making money
5 off it.

6 Q Now, with respect to legal opinions, early on I
7 believe you testified as early as '85 you and Colonel North
8 and perhaps Johnathan Miller, joked intermittently about who
9 would go to jail first?

10 A Right.

11 Q At that point, or prior to that point, had you
12 received or sought any legal advance with regard to your
13 conduct up to that point?

14 A I did when I set up IDEA.

15 Q When was that?

16 A That was in January of 1985, and the fact was if
17 I were to have done things through IDEA, I was concerned about
18 the Foreign Agents Registration Act. Also because I was being
19 paid by Adolfo Calero that I was possibly in violation of that
20 but it was also felt that I shouldn't register as a foreign
21 agent, because obviously, that would tip off the press and
22 others, so the decision was made that I would not file.

23 (Off the record discussion)

24 MR. LEON: Back on the record.

25 MR. GREENBAUM: For the purposes of the record,

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1 we just want to confirm our discussion off the record that
2 while Mr. Owen is prepared to be cooperative, we do not want
3 to waive any attorney-client privilege and we respectfully
4 request that any questions in that area be delayed until we
5 have time to talk and consider it further.

6 BY MR. LEON:

7 Q Fine.

8 Let me ask you this, Mr. Owen --

9 MR. GREENBAUM: Other than what he has already told
10 you.

11 BY MR. LEON:

12 Q Right.

13 Did Oliver North ever present you with any copy of
14 any legal opinion that he received with respect to what he
15 was doing on this program at any point in time?

16 A No. Although I had heard that the IOB, the
17 Intelligence Oversight Board, had provided him with a memo
18 saying that what he was doing probably under the Boland
19 amendment was legal, not illegal.

20 Q Did he mention the name of who wrote it?

21 A I know Bret Sciaroni, who was the counsel.

22 Q Were you familiar with any private attorneys who
23 Mr. North sought advice from with regard to these areas?

24 A A conversation came up -- and I don't know when it
25 was -- that they had run this by a private attorney and that

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1 he had found it was not illegal.

2 Q Did he say the name of the private attorney?

3 A It was probably Tom Green.

4 Q Do you know when that would have been that he ran
5 it by him approximately?

6 A No, I do not know when it was.

7 Q Could it have been as early as 1985?

8 A Yes.

9 Q If knew it right from the outset of your activities?

10 A Right.

11 Q Did you have any role in the preparation of a
12 chronology of events in the fall of 1986?

13 A No.

14 Q November of '86?

15 A No.

16 Q Has Oliver North asked you to assist him in the
17 destruction of documents?

18 A No.

19 Q At the present time?

20 A No. I will say here that it has never really been
21 asked, but I want to put it on the record that there were
22 documents as things went along, that he did destroy.

23 Q At whose direction?

24 A At my own.

25 Q Why did you destroy them?

A I didn't want to leave them hanging around.

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1 Q Security?

2 A That, and then when it was felt that investigations

3 were going to take place, I obviously knew there were some

4 that I may have just thrown out, and also when I moved, there

5 were just a number of papers that I had lying around that

6 I threw out, but as you have with the documents that I

7 provided you, obviously I did keep some and chose not to throw

8 them out, so that there may have been some documents that

9 I had provided for Colonel North that are not on record that

10 he either kept or that I kept.

11 Q I have an awful lot of other questions, but in

12 deference to my Senate colleague, I think I will just turn it

13 over to him right now and we will discuss them at another

14 time, if we have a further deposition or another session.

15 BY MR. SMILJANICH:

16 Q Mr. Owen, were there any particular documents you

17 can recall that you went out of your way to make sure were

18 destroyed?

19 A There may have been some lists or copies of lists

20 of arms, things like that. I don't think there were any

21 memos to Oliver. Actually, when I moved, as I said, I

22 threw a number of things out. Included in that was the

23 memo that we talked about proprietaries, and a memo from a

24 lawyer which was used or which gave advice as to how to

25 set up laundering operations, not laundering operations, but

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1 I should say movement of funds overseas.

2 Q And those you say were thrown out just in the process
3 of a move as opposed to specifically trying to destroy them?

4 A No. I was just going through things, and what I
5 felt I needed or wanted to keep around, and I think it was
6 about the time that the investigation was breaking because
7 we moved about that time, so it may have been just before.
8 I don't remember the time exactly.

9 Q When this whole controversy that we are all here
10 about first arose, was there ever occasion when because of
11 the pendency of this controversy, you went through your
12 documents and pulled out certain ones and destroyed them?

13 A That was about the time that I moved, so I must have
14 gone through and gone through and just said well, there is no
15 reason to have this. Maybe there were names on it that I didn't
16 want if I were ever subpoenaed or documents subpoenaed I didn't
17 want on the documents or lists of munitions and things like
18 that, but I can't -- to recreate them, the specific ones was
19 the proprietary, the other one from the lawyer regarding the
20 setting up of overseas bank accounts.

21 BY MR. LEON:

22 Q Do you know the lawyer's name?

23 A Yes, his name is Bill Kasselman. He is a lawyer in
24 town. He probably has a copy.

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BY MR. SMILJANICH:

Q Did any of the documents that you either destroyed or got rid of contain information concerning the involvement of U.S. Government officials in this operation or various operations?

A No, because by and large, the only U.S. Government official I had dealings with were Colonel North and then, when I was with NHAO.

Q Tell us about how it came about that you delivered these encryption devices to Central America, and who you delivered them to?

A I only delivered one, and that was to [REDACTED] and Colonel North asked me to come over and take it down for him, plus with the month's encryption. There was usually a cannister, this was a cannister for each one that would have each day the code would change, and I took that down for the month.

I believe it was through the month of April. I think that possibly came out of the botched flight at the end of March. I told Colonel North in a memo that he should set up secure communications like between [REDACTED] and Washington, for the private aid network.

Q And there was just the one encryption device that you took down?

A Yes, that was the only one. I knew that Gadd had one, and certainly that Colonel North had one, and that Second

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1 had one. I don't know where the others went, and I don't know
2 who --

3 Q You didn't deliver it to anybody in [REDACTED]?

4 A No. They did not have one at the time. I think
5 I subsequently learned that Chi Chi Contero took one down or
6 had access to one.

7 Q Were these KL-43s?

8 A TRWs. I didn't know the terminology. I guess that i
9 what they were. *12/10/81*

10 Q Because of all of the work that [REDACTED] had to
11 do down south, didn't you and others sometimes refer to him
12 as the Commandante of the South?

13 A No, I never did.

14 Q Did you hear other people call him that?

15 A No, not really.

16 Q I thought you told us that last time that he was
17 called the Commandante of the South?

18 A No, I don't think. I don't remember that. You can
19 go back and check the notes, but I don't remember that.

20 Q Since this controversy erupted, have you talked with
21 Oliver North about any of the facts that you have testified
22 to here today?

23 A No. I have met with him on two occasions. Each
24 time, he had his lawyer and I had my lawyer. I have talked
25 to him on the phone a couple of times, but each time it was jus

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1 for personal reasons, telling him my wife was pregnant and
2 other things, but both at his urging and my urging, I mean,
3 and at our lawyers' urging, certainly we did not want to discuss
4 anything specific.

5 I talked to him on the day that all of this
6 erupted, and that was the time when he said, well, you know
7 that I would never have done anything that would not been
8 in essence ordered or sanctioned. It was his lawyer who --
9 I talked to his lawyer just on those occasions.

10 Q Did Colonel North ever tell you that he had
11 personally met with the President to discuss any of the
12 contra operations he was involved with?

13 A He would constantly refer to going across the street,
14 or when I was in there, he would have meetings that he would
15 have to go to across the street, to go over things both
16 when Admiral Poindexter and Mr. McFarlane were the
17 National Security Advisers, and those comments came up,
18 but specifically meeting with the President, no, he never said
19 that explicitly to me.

20 Q Did he ever imply to you that he had met with the
21 President and discussed with him any of these operations?

22 A After the shootdown of the C-123, I talked with him
23 about my concern for Buzz Sawyer and his family, and at that
24 time, he recommended, well, why don't you write a memo on it
25 to me, and just talk a little bit about Buzz.

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1 I said what are you going to do with it. He said,
2 "I just might show it to the President."

3 Q For what purpose?

4 A Probably to show the President what a great American
5 Buzz Sawyer was.

6 Q Is this the memorandum that you would have prepared
7 understanding this was specifically something that the
8 President might see?

9 A Right, but I will add that due to time constraints
10 and other things that the memorandum never got to, I don't
11 believe I ever gave it to Colonel North.

12 Q Do you still have a copy of it?

13 A No.

14 Q Do you know what happened to it?

15 A It was on a computer disc and the computer disc was
16 erased by one of the people in the office by mistake.

17 Q Did the proposed memorandum discuss anything
18 beyond Buzz Sawyer as a person?

19 A No.

20 Q For example, the types of operations he was working
21 on?

22 A No, it was just a reflection on him as an
23 individual, and my friendship with him.

24 Q You were asked some questions about any
25 discussions, anything Colonel North said about the President

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1 meeting with private fundraisers.

2 I believe you said that you had never discussed
3 that specific issue with Colonel North. Did you ever discuss
4 presidential fundraising with anyone else?

5 A I knew that there was an effort underway to raise
6 funds, and that they were using the White House as a means to
7 show that they were sanctioned by the Administration.

8 I also knew that when they had the Nicaraguan
9 Refugee Fund Dinner in April of 1983, that the reason the
10 President came and spoke was because of Oliver North, or it
11 seemed it was at the urging of Oliver North, and that that
12 was an effort to raise funds for refugees, and I knew that the
13 National Endowment for Democracy, Spitz Channell, would hold
14 certain briefings for people when they would come into town
15 and they would be briefed over at the White House and occasion-
16 ally some of them would then go into the President.

17 Q This was for fundraising?

18 A Fundraising.

19 Q Do you know whether or not -- who told you these
20 things? Who described these fundraising efforts to you?

21 A I don't want to use the word network, but the
22 group of people who were involved in it was fairly limited,
23 and I knew them.

24 Q Who was it?

25 A I usually knew what was going on. I guess I was

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1 albe to just sort of through listening learn a lot of things
2 that had happened.

3 I had known Frank Gomez and Richard Miller. I was
4 first introduced to them by Colonel North, I believe, in the
5 fall of 1984, and then I had heard rumors about some meetings
6 that took place in March of 1984 between Adolfo Calero and
7 Spitz Channell.

8 I knew that Dan Conrad and Channell were involved
9 in the refugee fund dinner, at least Dan Conrad was, and then
10 during the summer of 1985, one of the people who was helping
11 me a little bit by helping, he was a student who was just here
12 for the summer, and I had sponsored him on a trip down to
13 Central America, on a couple of trips down to Central America
14 for doing refugee reports.

15 He was asked by Spitz Channell's group to make
16 phone calls to people, asking them to attend a-secret White
17 House briefing on the situation in Nicaragua, where they would
18 be briefed by Administration officials. It would cost them
19 \$10,000 to show up, and if they couldn't come and they wanted
20 to send in \$5,000, that that would be fine, and as a matter of
21 fact, I went to Colonel North and brought this to his atten-
22 tion.

23 I said, "Look, Colonel, I think you have got people
24 saying there are going to be secret briefings. Although you
25 want to give them hype, I think if the press ever got hold of

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1 it, it would be a disaster to the effort."

2 Q Did you know what the specific purpose of the
3 fundraising was, what was going to be done with the money?

4 A I had heard that it was a combination for the
5 advertisements, television advertisements that were being
6 undertaken, and also for a PR campaign.

7 I did not know that funds, as I subsequently
8 learned in the newspapers, that funds were going to be used
9 to purchase arms.

10 Q You didn't know that? Nobody told you that?

11 A No.

12 Q Nobody implied that?

13 A No. There may not be any correlation, but when

14 I was in Costa Rica in December 1983, I was getting ready to
15 leave [REDACTED] came out to the airport, asked me to -- told
16 me he had gotten a call from Colonel North and Colonel North
17 wanted me to go [REDACTED] to work on a toy project.

18 I subsequently -- the flight for [REDACTED] had
19 already left. We looked into chartering a flight, for me to
20 go to [REDACTED] It would have been prohibitively expensive
21 to do that. I didn't have the cash, and there wasn't any other
22 way I could get it, so I called North and we talked briefly
23 over the phone, and then we decided that I would come back
24 to the States.

25 He had wanted me to go to [REDACTED] to meet with

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1 Colonel Steel, regarding a shipment of, I think [REDACTED]
2 described it as toys that were coming.

3 MR. LEON: When was this?

4 THE WITNESS: December of 1985.

5 BY MR. SMILJANICH:

6 Q Coming in from where?

7 A He didn't say.

8 Q By air?

9 A I believe so. That was the impression that I got,
10 but I surmised it was probably an arms shipment that was
11 coming in.

12 Q And you just couldn't get a flight down there?

13 A No. The thought was I could fly to Miami and then
14 fly back to [REDACTED] Then by the time I got to Miami, it
15 was taken care of in another way.

16 Q Did you have any follow-up after that to find out
17 what took place?

18 A No. I think it was probably that they got Chichi
19 Contero to handle it, but I don't know for a fact.

20 Q But the original call from Colonel North to go
21 down there and specifically talk with Colonel Steel about
22 this?

23 A Right. Again, the only reason I bring it up is
24 because toys have been used in the toys account, to talk about
25 to help with some toys that were coming in.

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1 Q About how many times did you travel to Central
2 America officially on behalf of NAHO?

3 A I would have to go check my records.

4 Q Can you give me an approximation at this time? Five,
5 six, ten?

6 A Ten or fifteen times maybe.

7 Q And on one or more of those trips, is it fair to
8 say that while you were in Central America, you were also
9 doing the things that Colonel North wanted you to do to assist
10 in various weapons shipment, matters involving military
11 equipment, things such as that?

12 A Yes. There would probably be a couple.

13 Q And on those occasions when you did that, you did not
14 advise anyone at NAHO that you were also engaged in that
15 activity, did you?

16 A No, I did not.

17 MR. LEON: Why?

18 THE WITNESS: It was not appropriate. There was a
19 need to know, and they didn't need to know.

20 BY MR. SMILJANICH:

21 Q Back in November of 1984, involving those
22 [REDACTED] you know that matter?

23 A Right.

24 Q [REDACTED] that you took down there, those
25 were specifically [REDACTED] weren't they?

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A Right. [REDACTED]

Q The incident involving [REDACTED] in the spring of 1985 out by the side of the OEGB, the individual who was driving the car was Peter Flaherty?

A I believe so, yes.

Q He worked for Citizens for Reagan at the time?

A Right. He had sort of undertaken helping [REDACTED] just being a resource for them, and I think his group had provided some funding for them, too, to help them get through.

Q Did you ever discuss this matter directly with him?

A No.

Q He was just present in the car?

A Yes, and there may have been one or two people in the car, too.

Q The March 1986 matter involving the flight, the equipment that was in [REDACTED] that was supposed to be present in [REDACTED] to be loaded for a drop for the Southern Force?

A Yes.

Q When that plane then flew empty to [REDACTED] tell me, because I think we went past this pretty quickly, who all was present at the meetings at [REDACTED] to discuss what to do

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1 about the situation?

2 A John Copp, who was Dick Gadd's representative,
3 I did not know how much he knew, and this, I believe, may have
4 been his first trip down there, so he was sort of, it was
5 kind of ironic, he would be making calls to Gadd and I would
6 be making calls to North.

7 I knew he was calling Gadd. I don't think he knew
8 who North was or who I was calling. As a matter of fact,
9 before he left, it was during an incursion and so I kept in
10 constant touch by phone with North to find out when the intel-
11 intelligence was such that we should go, because there was some
12 thought that the Sandinistas might bring in helicopters and
13 attack [REDACTED]

14 ~~Chichi Gadd was at the airport, agents, Felix~~
15 ~~Schuyler, Gadd, Steel, and Ramone Madina.~~

16 Q Who was Steel calling?

17 A On one occasion we asked Steel if he would call
18 [REDACTED] to find out what went wrong.
19 I think it came back that [REDACTED] didn't want to talk to
20 him.

21 He tried to call on a secure line.

22 MR. SMILJANICH: We are going to have to stop and
23 remember we will reconvene at some other time.

24 MS. BENSON: Can I ask just one question.

25 Going back to the time you were in New York and you

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1 brought back some money, 95-100 dollar bills to General
2 Secord, and you gave those to him at the Sheraton Carlton
3 Hotel. Did he say what he was going to do with the money?

4 A No, he did not, and on the other occasion when
5 I brought back envelopes to Colonel North, he didn't say what
6 he was going to do with them other than he had some -- I mean
7 he would use the funds for his operations.

8 Q Did General Secord say anything about the money when
9 you handed it to him?

10 A No.

11 I just want to add for the record that on several
12 occasions when I did talk with Colonel North and his lawyer,
13 that they stressed that I should, when the appropriate time
14 came, cooperate and tell the truth because that is what they
15 were going to do and they wanted to be sure that I did not
16 cover anything up or in any way try to save someone else,
17 including especially Colonel North.

18 . (Whereupon, at 12:00 noon, the taking of the
19 deposition was adjourned, to reconvene at a later date.)

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF ROBERT W. OWEN (Continued)

Washington, D. C.

Wednesday, May 6, 1987

Deposition of ROBERT W. OWEN, called for further examination pursuant to agreement, at the offices of the Senate Select Committee, Suite 901, Hart Senate Office Building, at 5:30 p.m. before JOEL BREITNER, Court Reporter, when were present:

Partially Declassified/Released on 16 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

TERRY SMILJANICH, ESQ.
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RICHARD PARRY, ESQ.
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4251

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Committee to Investigate
Covert Arms Transactions
With Iran

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1 **APPEARANCES (Continued):**

2 **DIANE DORNAN**
3 Professional Staff
4 Permanent Select Committee
5 on Intelligence
6 United States House
7 of Representatives

8 **LEONARD C. GREENEBAUM, ESQ.**
9 **THOMAS HYLDEN, ESQ.**
10 Sachs, Greenebaum & Tayler
11 1140 Connecticut Avenue, N.W.
12 Washington, D. C. 20036
13 On behalf of the Deponent.

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C O N T E N T SWITNESSEXAMINATION

Robert W. Owen (Resumed)

by Mr. Smiljanich	4
by Mr. Leon	26
by Mr. Smiljanich	27
by Mr. Leon	28
by Mr. Smiljanich	50
by Mr. Eggleston	52
by Mr. Leon	55
by Ms. Dornan	56
by Mr. Leon	57

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P R O C E E D I N G S

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2 MR. SMILJANICH: This is a continuation of
3 Mr. Owen's deposition that started on Monday. Mr. Owen, for
4 purposes of this deposition, it's a continuation so you are
5 still under oath. Do you understand that?

6 THE WITNESS: Yes, I understand.

7 Whereupon,

8 ROBERT W. OWEN

9 resumed the stand and, having been previously duly sworn, was
10 examined and testified further as follows:

11 BY MR. SMILJANICH:

12 Q I'm going to jump around because all I'm trying to
13 do is fill in details here and there either I missed or we
14 didn't cover.

15 First of all, do you know a man by the name of
16 ~~Dagoberto~~ ~~Funer~~?

17 A Yes.

18 Q How do you know him?

19 A I met him several years ago. I cannot remember
20 when. I was introduced to him by, I believe, John Hull. He
21 was born in Cuba. I believe he's a naturalized permanent
22 citizen and living in Costa Rica.

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1 Q In October of 1986, did you ask him to do anything
2 for you?

3 A He came up to, I believe it was in between of '86,
4 the time up to Washington and he got with me and met with a
5 fellow by the name of Glenn Robinet.

6 Q Who is Glenn Robinet?

7 A Glenn Robinet was an individual who I was
8 introduced to, probably in the early years of 1986. It was
9 my understanding that he was connected to me, I guess, in
10 some way, security for General Secord's organization.

11 I was asked to meet him. I cannot remember by
12 who, but I did ask Lieutenant Colonel North about him and he
13 said he's a trustworthy person and you can confide in him.

14 Q You mean Glenn Robinet?

15 A Yes.

16 Q Who introduced you to Glenn Robinet?

17 A I believe we met in a hotel lobby. We did a phone
18 conversation and set up a meeting, but I can't remember
19 exactly.

20 Q How do you know he worked for General Secord?

21 A He would tell me. He told me a couple of times
22 and also I believe Colonel North made mention of it as well.

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1 Q Why did you put Mr. Nunez in touch with
2 Mr. Robinet?

3 A At the time Mr. Robinet was doing some work for
4 General Secord, or very interested, I should say, because of
5 the lawsuit that was brought against General Secord and
6 myself and 28 others.

7 Q You are referring to the Avignone-Honey lawsuit?

8 A Yes. The infamous Avignone-Honey lawsuit.

9 Q Go ahead. What about the lawsuit did he want
10 accomplished?

11 A General Secord, obviously, being one of the
12 defendants, was concerned about it. It was more of a
13 nuisance. In the beginning we thought it was more of a
14 nuisance suit than anything else.

15 Then, as it went on and as the judge continued to
16 accept amended complaints, there was a concern as to how one
17 could fight this, what we felt was, at one time -- what we
18 still feel is a disinformation campaign that was going on and
19 a totally irrelevant suit.

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MR. GREENEBAUM: Hold it one minute.

(Recess.)

BY MR. SMILJANICH:

Q Mr. Owen, did the discussions that Mr. Nunez and Mr. Robinet had that you are familiar with or knowledgeable about have anything to do -- did they simply involve the matters of defense of the Avignone-Honey lawsuit?

A Yes, they did. They were centered around that because --

MR. HYLDEN: You've answered the question.

BY MR. SMILJANICH:

Q Let's move on. Tom Posey and his organization, CMA.

A Yes.

Q Did, to your knowledge, did he or his organization have any involvement with lethal aid in Central America?

(Discussion off the record.)

MR. SMILJANICH: Would you read the question please?

(The reporter read the record as requested.)

THE WITNESS: As I believe I may have testified to

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1 earlier, I learned through newspaper accounts that there were
2 some of his own private arms that he had registered, I
3 believe, in the United States, that showed up [REDACTED]

4 I do not believe nor to my knowledge, he did not
5 have any involvement in large procurements or movement of
6 arms outside the United States, from the United States
7 outside, to my knowledge. There may have been, as I said,
8 small amounts, miscellaneous weapons that moved with
9 individual people.

10 BY MR. SMILJANICH:

11 Q I understand. Going back to the proposals that
12 Gray & Company and you prepared for the FDN?

13 A Yes.

14 Q There was the one proposal that was an official
15 proposal from Gray & Company involving public relations,
16 lobbying efforts, things like that; is that correct?

17 A Yes.

18 Q The other proposal, I want to make sure I
19 understand exactly what you've said about those -- that other
20 proposal. This was a separate proposal prepared by you and
21 Neil Livingston?

22 A Right. It was -- Neil Livingston and I sat down

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1 and talked about what would go in it. He was the one that in
2 essence wrote it and I delivered it.

3 Q Okay. That proposal, you no longer have a copy of
4 that proposal?

5 A No.

6 Q And the proposal involved the setting up of
7 proprietary companies?

8 A There were several options. This was in late
9 April, early May. There was, according to Colonel North,
10 there was a need to try and find a way to support these
11 people when the funds did run out. The proposal offered
12 several options, one of which was setting up a group of
13 proprietary companies which could be used for purchasing
14 goods overseas, and the other proposal was setting up
15 nonprofit organizations which could be used for independent
16 fundraising here in the United States for humanitarian
17 goods.

18 As a matter of fact, it turned out that we did --
19 I did show -- I can't remember if it was the exact same
20 proposal or another proposal, to representatives of the FDN,
21 in which we discussed the possibility of setting up a
22 nonprofit organization, and there were two options on that.

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1 One, there were several nonprofit organizations that were in
2 existence that we had access to and could be used. Or, there
3 was developing a whole new nonprofit, and also the FDN had
4 three organizations that might have fit under that rubric.

5 The FDN was concerned that we had suggested that
6 there be Americans on the board to have oversight of the
7 distribution of funds. They wanted to be sure that they
8 would have the responsibility for disbursement of funds.
9 They didn't want to leave that in the hands of, necessarily,
10 all Americans.

11 Q Did any part of this proposal deal with ways of
12 obtaining arms that the FDN could use?

13 A In setting up a trading company, obviously there
14 was -- one of the ways that a military force sustains itself
15 and functions is to have arms. So that was -- it came up
16 that as a possibility, that the trading group could be used
17 for purchasing arms overseas.

18 Q Do you recall whether any aspect of this proposal
19 dealt with the use of foreign military sales?

20 A No. There was no, to my knowledge that I can
21 remember, no aspect of that involved at all.

22 Q No aspect involving diversion of foreign military

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1 sales in -- with regard to third countries to the Contras?

2 A No. None whatsoever that I can remember.

3 Q Do you know what Oliver North did with this
4 proposal?

5 A He and I had several discussions. I went and did
6 have a meeting, as I said, with representatives of the FDN.
7 After that meeting I went back to Colonel North and told him
8 what his reactions were -- or what the FDN's reactions were;
9 and I can't remember the timing exactly, but I --
10 subsequently I think I took a trip down to Central America,
11 to the region, to look at what was going on.

12 But, as far as anything else coming out of that
13 proposal, as time went on it was decided just to pass on it.
14 We felt that some money was needed up front to set up the
15 organizations so that they would be in existence and we would
16 do it legally and correctly, and we went back and forth and
17 we were directed to talk with a couple of different people
18 about that and about these organizations. But, again, as I
19 said, nothing really came of it.

20 Q You mentioned, and I don't know if this was on the
21 record or off the record, ~~that he was not supposed to be in~~
22 ~~or that he was not supposed to be in~~ in

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1 which you think she may have met with Oliver North. Do you
2 know what I'm talking about?

3 A I was shown a document by Mr. Eggleston at one
4 time, and he asked me if I had ever seen it and I said it was
5 -- I mean I had gotten it from Barbara Studley and been asked
6 to deliver it to Colonel North. Is this what you are
7 referring to?

8 MR. SMILJANICH: Was that during the deposition?

9 MR. EGGLESTON: Yes, it was. I think I showed it
10 to you during the deposition.

11 MR. SMILJANICH: It was on my notes in a place
12 where it looked like it wasn't during the deposition.

13 MR. EGGLESTON: I have to say I don't recall for
14 certain whether it was.

15 MR. LEON: You presented him with it. I do recall
16 it for certain. You absolutely presented it to him.

17 MR. SMILJANICH: Off the record.

18 (Discussion off the record.)

19 BY MR. SMILJANICH:

20 Q I don't happen to have that document with me, but
21 what do you recall about that incident?

22 A I was called by Barbara Studley to go over to her

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1 home. Or it may have been General Singlaub, maybe called me,
 2 to go over and meet him and Barbara Studley at her home. As
 3 I said I think this was sometime, perhaps during the summer
 4 of 1980. I think just before they just moved into her
 5 house. It was warm out. They gave me a copy of a document
 6 which they asked me to deliver to Colonel North. It
 7 suggested setting up, if I remember correctly -- I don't have
 8 it in front of me -- but setting up some corporations or
 9 trading companies that would be used to move arms that would
 10 be provided by the United States to foreign countries, and
 11 they would pay, I think, a higher price, knowing that those
 12 funds would be then used, from the trading company, to buy
 13 other arms to go to insurgencies around the world: Angola,
 14 Afghanistan, Nicaragua, Cambodia, and so forth.

15 Again, that is just a rough approximation, without
 16 having it in front of me.

17 Q And then, what, you gave this document to Colonel
 18 North?

19 A Yes. I set up an appointment with Colonel North.
 20 I went in to see him, talked with him, provided him with the
 21 document. He looked at it. His immediate reaction was that
 22 this is not -- does not seem viable. How are we going to get

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1 U.S. corporations involved in something like this, or other
2 corporations? I do remember that Israel was one of the
3 countries that was going to be a main player.

4 Q Was that the end of it as far as you knew?

5 A I believe I may have talked to Barbara Studley at
6 some future time. She may have said that she had a meeting
7 with Colonel North to discuss it, but I don't think it went
8 any further.

9 Q During the August 1984 Republican convention, you
10 met General Singlaub and Aldolfo Calero -- at the convention?

11 A Yes -- no. They were at a meeting at the CNP,
12 Council for National Policy, where Oliver North was speaking
13 and also, I believe, he was a member. I went over and met
14 them there at hotel. As a matter of fact, I think I picked
15 -- I may have picked up Colonel North at airport.

16 Q Okay. That was going to be my question. You
17 mentioned Colonel North being there, but this wasn't at a
18 Republican convention?

19 A No.

20 Q This was a meeting of the CNP?

21 A Right.

22 Q And the discussion concerned exactly what?

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1 A We met off and on. Colonel North gave a speech.
2 I think it possibly was that evening.

3 Let me backtrack. There was also a dinner that
4 took place. I was not -- did not attend the dinner but after
5 the dinner they had a reception in one of the rooms upstairs
6 where I believe Adolfo Calero spoke. There was also a member
7 of CNP who was running for Congress in California and he also
8 spoke. A series of conversations just took place, sort of
9 offhand. There wasn't a formalized meeting with Colonel
10 North and Adolfo Calero and General Singlaub and so forth,
11 during these days that the meetings took place -- that the
12 CNP meeting was taking place.

13 Q Did -- I'm sorry?

14 A I was just going to say I think there were
15 conversations about fundraising for Adolfo Calero. One of
16 the reasons he was there, I think was he was hoping he could
17 raise some funds from the CNP members, and he always was
18 invited as a guest. I think that still may be true.

19 Q Did Colonel North and Adolfo Calero discuss
20 anything in regard to military equipment and needs?

21 A They may have and think I may have mentioned that
22 earlier. But I don't remember specifics.

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1 Q You have testified about a time in which [REDACTED]

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 I believe you testified Oliver North said he would
6 take care [REDACTED]

7 A Yes.

8 Q You also testified about one time in which you
9 carried money --

10 A Yes.

11 Q [REDACTED] Do you know beyond that whether or
12 not Colonel North did anything to follow up on his promise to
13 take care [REDACTED]

14 A I never personally carried money again that I can
15 remember, but I know that Colonel North did set up a means
16 where [REDACTED] was receiving funds so that he could stay
17 within the movement and didn't have to worry about providing
18 for his family.

19 Q Did Colonel North ever tell you what he had -- how
20 he had accomplished this?

21 A No, not exactly. I heard that there was a
22 possibility that some grants were being put together from

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1 various organizations which might be able to help [REDACTED]
2 out. That's all that I can really remember.

3 Q All right. I believe you testified you once gave
4 money to [REDACTED] is that correct?

5 A Yes.

6 Q Tell me when was that?

7 A That was in spring of 1985. He was in town and
8 needed some money for his expenses, hotel room and so forth.
9 I can't remember what it was. I think there may have been
10 second time that he was owed. The only reason I remember
11 this is because one of the documents I was shown, something
12 about him being owed \$1200, and I remember there was
13 discussions and I think I might have given it to him. I ju
14 can't remember.

15 Q In the spring of '85 do you know how much money
16 was given at that time?

17 A No. I don't think it was -- it was probably jus
18 a couple of hundred dollars, as a matter of fact, to take
19 care of hotel rooms and so forth.

20 Q And on both occasions did you get the money from
21 Colonel North in the form of traveler's checks?

22 A Yes. Out of the infamous safe.

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1 Q Okay. You have talked about several matters
2 involving General Secord, but I don't have clear in my mind
3 exactly when it was you first met Secord. When was that?

4 A I believe it was sometime in 1986. I saw him in
5 passing. I think sometime in '85. Maybe on a couple of
6 occasions -- we never really were formally introduced. I
7 think the first time I was formally introduced to him was in
8 Colonel North's office.

9 Q Sometime in 1986?

10 A No, actually it had to be in '85 because I did
11 provide him with some money at one time, too, in 1985. So it
12 might have been the summer of 1985?

13 Q You gave General Secord money?

14 A Yes. That was from the trip to New York.

15 Q Oh, yes, the incident with the rolled up newspaper
16 and all.

17 A Right. Right.

18 Q Okay.

19 The time in which Ollie North told you that he and
20 Secord wanted to take control of the funds away from Adolfo
21 Calero because they felt he was not managing them properly,
22 when was it that you first heard this was their feeling?

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1 A I knew that a meeting had taken place in Miami.
2 General Secord referred to it in his testimony. I was just
3 -- I was not fully knowledgeable about it but I knew a
4 meeting took place between Adolfo Calero and Colonel North
5 and others. There was rumor, it may have been Colonel North
6 who brought it up, I can't remember, about the concern of
7 Mario Calero and the impropriety of him purchasing goods for
8 his work. I really can't remember where I heard that. I
9 know General Secord again expressed that to me in a meeting
10 that we had that may have been in September of 1986.

11 Q Again I apologize for jumping around. Back in
12 June of 1984 when you traveled to Central America, and, among
13 other things, you had a discussion with [REDACTED]
14 in which they stated that they needed about \$1 million a
15 month to fund -- to keep themselves alive, and they wanted to
16 do a little better than that?

17 A Right.

18 Q In that conversation, I believe you told us in the
19 interview, but I don't know if it came out in the deposition
20 that [REDACTED] was present?

21 A He came in during a conversation that I was having
22 with [REDACTED] and there were others in the room as

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1 well. The extent of that meeting was such that he said:
2 "Look, we know why you are here and we know that you want to
3 help and we certainly appreciate any help that you can
4 provide." But that was the extent. I do not believe in my
5 memory that he was the one who said anything about funds. He
6 just wanted to let us know that he knew we were there and
7 they would be appreciative for what we could do.

8 Q Didn't you -- didn't he say something to the
9 effect that, at first, something like: "I'm not here"?

10 A Right. I mean he said this is another one of
11 those nonmeetings, in essence.

12 Q You said that when Calero hired you, one of your
13 duties was to do things that Ollie North couldn't do.

14 A Well, I don't think that I testified to that. My
15 job description was very loose and it sort of evolved, just
16 like my work for Adolfo Calero evolved. My doing things for
17 Ollie North evolved. It was not, quote unquote, part of a
18 job description.

19 Q But when you first made your arrangements with
20 Calero --

21 A Right.

22 Q -- did he understand that you were going to be

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1 doing a lot of work for North in connection with the things
2 that Ollie couldn't do?

3 A That never came up. As far as I can remember tha
4 never came.

5 (Discussion off the record.)

6 THE WITNESS: I think I can answer that
7 satisfactorily to you, in that there was a memo that I wrote
8 to Colonel North. I believe it was on November 4th, where I
9 discussed my decision to go with -- to leave Gray & Company
10 and go with Adolfo Calero and work for him. And I said one
11 of the things in that meeting was -- and I will obviously do
12 whatever it is that I can to help you in your effort.
13 Subsequently that was when, within a week, I was asked to
14 take documents down to Central America.

15 BY MR. SMILJANICH:

16 Q I see what you are saying. Okay.

17 A So I don't think in that meeting we explicitly
18 said that, but in the meetings I had with Colonel North right
19 after that and also in this memo you have access to where I
20 outlined what the potential was.

21 Q So one of the first things you did in connection
22 with that was take that material down to Central America?

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1 A Right.

2 Q Okay. Approximately when was it that you were
3 first introduced to Richard Gadd?

4 A I was introduced to him by phone, either in
5 October or early November. As best as I can recollect.

6 Q In 1985?

7 A 1985. I was first introduced to him as Mr. East.
8 East and West and North and South --

9 Q Right. And who introduced you to him?

10 A I was told by Colonel North to call him.

11 Q What did Colonel North say about him?

12 A He said, if I can remember, again this was a long
13 time ago, it was: "Please call this gentleman up. We want
14 him to take care of the resupply for NHAO, and would you,
15 after you have a conversation with him, set up a phone call
16 or make a phone call to Mario Calero and suggest to Mario
17 that he talk with him and that he would be the person that
18 would best be suited for handling the transportation of
19 humanitarian goods."

20 Q Did you talk to Gadd before you talked to Mario
21 Calero?

22 A I believe yes, I did.

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1 Q What did he tell you?

2 A Just the same thing; that he felt he would be able
3 to do -- provide the services that they would want, and we
4 talked about setting up my calling Mario and then calling him
5 back to let him know that I called him to set up the -- make
6 the introduction.

7 Q Did you, when you called Mario, did you tell him
8 where or did you drop any names in connection with Dick Gadd?

9 A No. With Mario Calero you never dropped names.

10 Q Why is that?

11 A He had a propensity to talk.

12 Q Okay. You just told him this is coming from you?

13 A I said -- no. I said "Mario, there's someone that
14 I know of that I think would be able to handle your resupply
15 needs for the NHAO goods. I hope you will talk with him and
16 give him all due consideration because he probably would be
17 the best person for it."

18 He asked: "Well, how do I know that?"

19 And I said something to the effect of: "Well, he
20 has been highly recommended by a number of friends." But I
21 did not use Colonel North's name, which I believe is what you
22 are asking.

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1 Q Okay.

2 (Discussion off the record.)

3 BY MR. SMILJANICH:

4 Q Was there something you wanted to add?

5 A Oh, you guys tracked down some traveler's check.

6 Q I don't need to make this an exhibit for the
7 deposition. We'll just identify it with the numbers that we
8 stamp on all our documents.

9 Let me show you; there's a whole stack here.

10 A I'm impressed with you guys.

11 Q A document marked 003700, is a copy of a
12 traveler's check for \$500. Is that one of the traveler's
13 checks you would have negotiated?

14 A It's got my signature, so obviously it would be.

15 Q That's your signature?

16 A Yes.

17 Q Do you recall that all the traveler's checks that
18 you dealt with were these Visa traveler's checks on the Banco
19 de Pichincha?

20 A No. They were not all out of that bank.

21 Q Do you recall the other banks they were drawn on?

22 A It was a Popular Bank, and I think there was one

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1 other one, too. God, are those all my signature?

2 Q No.

3 Let me show you page 003702; the top signature,
4 that's your signature?

5 A Right.

6 Q Do you recognize who this signature is?

7 A No. Not offhand. I wish I could write like that;
8 then you guys couldn't ask me.

9 Q Let me show you 003704; do you have any idea whose
10 signature that is? Does it look familiar?

11 A No. You don't mind if I look in the back to see
12 what bank it is? Se [REDACTED]

13 [REDACTED] It doesn't look like his signature
14 but, speculating --

15 Q You don't know that's John Hull's signature?

16 A No.

17 Q Page 003705, do you recognize that signature?

18 A No.

19 Q It's also drawn on a Costa Rican --

20 A It almost looks like Gomez, but -- I don't know.

21 You can't trust everybody these days.

22 Q Are you familiar with Jonathan Miller's

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1 signature? Does that look like his?
2 A It looks like his.
3 Q Are you familiar with --
4 A I have seen him write.
5 Q That's 0073708.
6 (Discussion off the record.)
7 BY MR. LEON:
8 Q You said you got a \$1000 bonus when you got
9 married, right?
10 A Right.
11 Q When did you get married?
12 A Why or when?
13 Q When?
14 A If you were going to ask me why, I'd tell you now
15 I need somebody to support me.
16 I got married in October of 1986. October 19th.
17 Q Did you get the money in traveler's checks?
18 A Yes.
19 Q Well, let's see if we can locate those. Would
20 they be in there?
21 MR. PARRY: What was the date?
22 THE WITNESS: I got married in October of 1986;

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1 October 19th.

2 MR. SMILJANICH: Are those chronological?

3 MR. PARRY: Yes.

4 THE WITNESS: I don't remember whether that was
5 Popular Bank or what bank that was.

6 MR. SMILJANICH: That's all I have. Thank you.

7 MR. LEON: Any questioning?

8 MR. EGGLESTON: No. I don't have anything else I
9 want to do.

10 (Discussion off the record.)

11 BY MR. SMILJANICH:

12 Q Do you know where the Mandalay Hotel is?
13 is? Take your time.

14 MR. HYLDEN: There's all sorts of triflings we
15 haven't invoked yet.

16 THE WITNESS: Mandalay --

17 (Laughter.)

18 MR. GREENEBAUM: Off the record.

19 (Discussion off the record.)

20 BY MR. SMILJANICH:

21 Q Do you know where it is?

22 A No, I don't. Can you tell me?

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1 Q I have no idea.

2 A The Four Seasons chain is not very big. Mandalay,
3 I would say, would be in the Orient, Hong Kong; it would just
4 be a guess.

5 Q That's all I have. Richard?

6 MR. LEON: I have a few. I didn't have much
7 chance to prepare for this, but let me give you a few that
8 occur to me.

9 BY MR. LEON:

10 Q Diversion, diversion of funds from Iran to Central
11 America.

12 You have probably been asked it, but I want to be
13 sure it's clear in my mind. Did Ollie ever share with you
14 the confidence that he was either planning to or had
15 effectuated a diversion of funds from Iranian deals he was
16 working on?

17 A No.

18 Q He never did?

19 A No.

20 Q So you first learned about it in the newspapers,
21 so to speak?

22 A My tongue dropped just like everyone else's did on

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1 November 25, whatever the date is.

2 Q Did you in any way, shape, or form help him with
3 respect to assisting in any non-Central American matters and
4 the Iranian --

5 A No.

6 Q The Chinese deli, or whatever it was, place, story
7 you told of the 95 \$100 bills that you obtained. That was in
8 October, or 1955 was it?

9 A No, September. I believe it was September 1955,
10 Rosh Hashanah holiday because all the banks were closed.

11 Q Okay. And you were simply serving as a messenger?

12 A Yes.

13 Q You were asked to go up for the sole purpose of
14 picking it up?

15 A Right.

16 Q And getting it to the General?

17 A Right.

18 Q Second?

19 A Yes.

20 Q And you did do that?

21 A And I did.

22 Q Did you ever inquire as to why you were being

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1 asked to do that as opposed to the General just going to the
2 restaurant himself or whatever that place was?

3 A They didn't want to wait until the banks were open
4 for the next day. Obviously, I guess, they needed the money
5 and he probably had more important things to do than go see
6 -- take a trip to New York.

7 Q Did Ollie comment to you about why it was \$9500?

8 A No. The general did. The General said it was
9 \$9500 so we would stay under the \$10,000 limit for reporting
10 of transfer of funds.

11 Q Did he explain what he meant by that?

12 A When I was traveling and taking funds out of the
13 country, and if I were ever bringing funds in, which I
14 didn't, there is, I believe it's a banking law, where any
15 expenditure or movement of funds over \$10,000 or over must be
16 reported to the IRS. I believe that was the reason.

17 Q Are you talking about a Customs law?

18 A Yes. But I think he felt it was true for any
19 movement of \$10,000 or more, so they didn't want to take that
20 chance.

21 Q Did you ever have any problems with Customs in all
22 of your trips back and forth to Central America?

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- 1 A No.
- 2 Q Were you aware of any situations where Ollie used
- 3 his influence as a White House staffer to help someone out
- 4 with Customs problems?
- 5 A Yes.
- 6 Q When was that?
- 7 A That was in, I believe it was the fall of 1984. I
- 8 had a meeting with Mr. Rosenblatt of the U.S. Customs
- 9 office. We were discussing something that was not relevant
- 10 to the Iran issue, or really -- the Contra issue. But he was
- 11 concerned about an investigation that was going on regarding
- 12 the --
- 13 Q Who is "he"?
- 14 A Mr. Rosenblatt was concerned about an
- 15 investigation which was concerning the Hall, Iran, which had
- 16 been suggested by Mr. Rosenblatt. He asked me to pass on, to
- 17 Ollie, if I saw him or talked with him, this concern about
- 18 this investigation.
- 19 He was --
- 20 Q Where was this meeting, by the way?
- 21 A It was at the Customs building.
- 22 Q Here in Washington?

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1 A In Washington.

2 Q Who asked you to go there?

3 A I had had several conversations with one of his
4 people in Colorado -- excuse me -- yes, in Denver.

5 Q One of Rosenblatt's people?

6 A Yes.

7 Q Who was that?

8 A I can't remember his name right now -- Gary
9 something.

10 Q All right. So go ahead.

11 A This was regarding an incident that took place in
12 Costa Rica where there was a mix up between DEA informants
13 and Customs informants. Do you want me to go into it? If
14 it's relevant, fine. But --

15 Q How does it relate to your activities in Central
16 America?

17 A I got a letter from John Hull in which he outlined
18 a fairly strange incident that occurred on his farm,
19 September or October, '86. You have a copy of the letter in
20 your file somewhere. Actually it may have been -- now that I
21 think about it it may have been August. It probably was
22 August, because I did take a trip down there in late August.

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1 Q Yes.

2 A I went to Colonel North with this letter that I
3 had. It was addressed to [redacted] on John Hull's farm who
4 [redacted] [redacted] of it. He, if I remember
5 correctly, later told Hull that he was working for U.S.
6 [redacted] and he was concerned that the DEA [redacted] was
7 furnished and that they may have been asking [redacted].

8 Q DEA [redacted]

9 A [redacted] It was a rather long, involved
10 story and not necessarily relevant, but if you want me to go
11 over it I'll refresh my memory.

12 Q I don't know if I want to go into it in this much
13 depth on the record now. Maybe at a later time. Maybe we
14 can talk about it off the record?

15 A But there was a case where Mr. Rosenblatt just
16 brought up the concern about the investigation that was going
17 on. He was, I think, upset that people had not filed the
18 necessary paperwork when they took the plane out of the
19 country.

20 Q What people was he referring to that he was
21 concerned about?

22 A It was General Secord.

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- 1 Q Was General Secord aware of this?
- 2 A I don't know.
- 3 Q As far as you know?
- 4 A I don't know.
- 5 Q Was it ever finally resolved?
- 6 A I don't know that.
- 7 Q Did you ever meet the president?
- 8 A I shook his hand a couple of times, back in 1983.
- 9 Q How about since you were involved with Ollie?
- 10 A No.
- 11 Q How about the vice president?
- 12 A No.
- 13 Q How about Mr. McFarlane?
- 14 A No.
- 15 Q How about Mr. Poindexter?
- 16 A No.
- 17 Q In your dealings with Ollie, initially during
- 18 Mr. McFarlane's tenure as National Security Adviser, was it
- 19 your impression that what Ollie was doing in the Central
- 20 American area was being done with the knowledge and approval
- 21 of Mr. McFarlane?
- 22 A I was led to have that impression; yes.

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1 Q By things Ollie would say?

2 A Yes.

3 Q By any documents he'd show you?

4 A No, not by documents he would show me.

5 Q During that time period, were you under the
6 impression that he had any superiors between himself and
7 Mr. McFarlane, at the NSC?

8 A I knew that he had people that he worked with and
9 that he was supposed to report to.

10 Q Can you think of who they might have been? For
11 example, Poindexter? Was it your impression that Poindexter
12 was his superior, between Ollie and Mr. McFarlane during that
13 time period?

14 A His name came up, but -- no. I think with Central
15 America the impression I got, he was dealing directly with
16 Mr. McFarlane and there was no one else.

17 Q And it was your impression that Mr. McFarlane was
18 aware of what he was doing and was --

19 MR. GREENEBAUM: You said no one else -- you meant
20 no one else in between?

21 THE WITNESS: Yes. No one else in between, that I
22 knew of.

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1 BY MR. LEON:

2 Q Okay. How about with respect to after, say,
3 December of '85, when Mr. McFarlane resigned and
4 Mr. Poindexter took over. Was it equally your impression
5 from that point forward that Mr. Poindexter was aware of what
6 Ollie was doing in Central America and was in favor of it?

7 A Yes. I knew that in the very beginning Ollie made
8 a reference that there was sort of rocky going. There were
9 some disagreements as to things that were being done. He
10 didn't talk about any specifics.

11 MR. LEON: Do you want to go off the record?

12 MR. GREENEBAUM: Yes.

13 (Discussion off the record.)

14 THE WITNESS: Could you repeat the question,
15 please?

16 MR. LEON: Sure. Absolutely.

17 BY MR. LEON:

18 Q After Mr. McFarlane resigned, Mr. Poindexter took
19 over as the head of the NSC. From that point forward, was it
20 your impression that, with respect to what Ollie was doing in
21 Central America, and that which you were knowledgeable of and
22 involved in, is it your impression that he was aware of that

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1 -- "he" being Mr. Poindexter -- and had approved it?

2 A Yes.

3 Q And did you get that impression from anything --
4 any other means, other than Ollie giving you that impression?

5 A No.

6 Q No documents that you saw?

7 A No.

8 Q No meetings with Mr. Poindexter that you attended?

9 A No.

10 Q And, as to that time period, did you have an
11 impression that Ollie was reporting directly to
12 Mr. Poindexter as to those things that you were knowledgeable
13 of in the Central America area?

14 A That was the impression that I got; yes.

15 Q Now, I think you testified earlier, when I believe
16 Neil was questioning you, about a meeting in summer of '86;
17 between yourself and Ollie and General Secord, where the
18 issue came up of Calero's continuing involvement in
19 financing. Does that ring any bells?

20 A There was a meeting I had with General Secord. It
21 was not with Ollie. But there was a meeting. I think it may
22 have been one or two times when I met with General Secord and

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1 Ollie at the same time.

2 Q With respect to that meeting, I think you
3 testified that Secord recounted, in that meeting, a meeting
4 he had had with the director of the Central Intelligence
5 Agency, Director Casey?

6 A Right.

7 Q Let me try and focus you on that. What is your
8 recollection with regard to what it was that Secord described
9 about his meeting with Director Casey?

10 A I think it was a meeting where they discussed --
11 can we go off the record for a second?

12 MR. SMILJANICH: Yes.

13 (Discussion off the record.)

14 THE WITNESS: To the best of my knowledge, my
15 recollection is that he had had a discussion --

16 BY MR. LEON:

17 Q He being who?

18 A He, General Secord, brought up a discussion he had
19 had with Director Casey about the assets that were presently
20 in the operation, and I think I also heard from North at one
21 time. They wanted to give them to the agency and the agency
22 didn't want to take it.

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1 I cannot remember whether it was a discussion of
2 selling them or giving them. I think it was more giving
3 them, to the best of my knowledge.

4 I cannot remember when that was discussed. I know
5 -- I believe in March, 1986, there was a meeting which I
6 think took place in Colonel North's office where General
7 Secord mentioned a meeting with the director and was trying
8 to get, possibly to ask for some help.

9 Q Would that help have related to further
10 intelligence with respect to weather information and troop
11 placement?

12 A Right. That was always a concern, especially
13 among the pilots, when I would talk with them, whether I was
14 in-country, either [REDACTED] that they were
15 always flying by the seat of their pants; there were never
16 good prebriefs and never good intelligence or even weather
17 information.

18 Q Did General Secord relate to you his
19 dissatisfaction with the amount and the kind of intelligence
20 he was getting from Mr. Castillo [REDACTED]

21 A No. The General, I don't think I can remember
22 really relating something like that regarding [REDACTED]

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Q You don't recall?

3

A No. I don't recall that.

4

5

6

7

Q Did you have any occasions, during the time you were dealing with Ollie and the Central America project, to review with him intelligence reports relating to funding and supplies by Communist sources into Sandinistas?

8

9

A No. Not with -- excuse me? Funding Communist supplies to the Sandinistas?

10

11

12

13

Q Right.

A Nothing other than the information that was being made public. At one time we talked about -- mentioning some new deliveries that were coming in to Nicaragua.

14

15

Q Those had been helicopter deliveries?

16

17

18

19

A Yes, I believe so.

And on another occasion there was discussion that took place regarding an operation that they had hoped to mount which was to sink a ship inside -- I believe it was the Rio Escondido, which would be going up to the Rama Road.

20

21

22

Q Was it your impression that Ollie was

knowledgeable and aware of increased Communist support to the Sandinistas?

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1 A I would think that he would have been aware of
2 anything that was going on down there.

3 Q How about that specific type of item?

4 A Sure. Obviously, when he asked me to take down
5 the things that I took down in November, it certainly gave
6 that impression.

7 Q Did you get the impression that the FDN had
8 intelligence sources that kept them apprised of recent
9 acquisitions of military hardware and support of other kinds
10 from either the Cubans or the Russians?

11 A Adolfo Calero used to joke about, during the
12 cutoff he would be asked by people what he was getting from
13 the agency. He would say he got a lot of questions.

14 Regarding that, I think that one of the times tha
15 I took down information to the FDN, there were discussions o
16 new BM-21 rocket launchers that were being moved into the
17 area, and it was just basic intelligence like that, so I
18 think they had an idea of what was coming in.

19 Of course they also had a good idea of when the
20 shells were coming into the camps.

21 Q Was your life ever in danger?

22 A There were some times I might have been a little

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1 concerned, but no, I don't think so.

2 MR. GREENEBAUM: Don't be modest.

3 THE WITNESS: I think at times actually I was
4 probably more endangered by the PDWs because of accidents
5 than I was by Sandinistas.

6 BY MR. LEON:

7 Q Did you attend a meeting in Miami in July of '85
8 with respect to the establishment of the southern front?

9 A No.

10 Q Were you aware that meeting was going to be held?

11 A I knew, either before or after, a meeting did take
12 place where it was discussed. Throughout this effort there
13 was a need, there was a believed need to develop a southern
14 front. Even though Adolfo Calero was providing some funds to
15 [REDACTED] to help develop it, it was just enough to keep
16 people alive. There wasn't any effort being made to increase
17 the southern front. And that was a concern that Colonel
18 North had, and that I certainly had, and that others had: If
19 you are going to fight a war you have -- really should have a
20 three-front war in this case, or four-front war. And the
21 southern front would be very important to that.

22 Q With respect to the San Jose accord, how involved

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14 letters

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1 were you in the negotiations and conduct relating to that?

2 A Leading up to to the San Jose accords, there had
3 been a number of meetings in Washington where a program was
4 trying to be developed to bring more positive public
5 relations -- I should say there was a public relations effort
6 being talked about, to try and develop the support inside the
7 United States and the world for the democratic resistance.

8 I think the two documents you have are two papers
9 that I did on the public relations effort that I thought
10 should be mounted. As early as January discussions were
11 being held of a way to bring a united front together.

12 We brought in the opposition groups from -- they
13 were represented by Arturo Cruz, Alfonso Robelo and the FDN,
14 and I went down there more as an observer to, if necessary,
15 keep Colonel North involved about what was going on and see
16 whatever ways I could be of help.

17 Q Did the State Department play a role in that?

18 A Could you be more specific, please?

19 Q Were you aware of anyone from the State Department
20 who was involved in the San Jose accord? The reaching of the
21 accord? Negotiations that went into it?

22 A No, other than Jonathan Miller was down there just

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1 to provide information on it.

2 Q What was his position at that time, as far as you
3 knew?

4 A He was with the Latin -- office of Latin American
5 Office of Public Diplomacy, I believe. But, no, I think that
6 much of this was -- the Nicaraguans themselves, it had been
7 pounded into their heads over and over again that they needed
8 to have a united front.

9 Q What was the relationship as far as you could see
10 between Chris Walker and Ollie with regard to the -- Chris
11 Arcos, excuse me -- with regard to the NHAO program?

12 A I knew that Chris knew Ollie and he may have
13 talked with him occasionally, but Chris followed the chain of
14 command, and obviously Ambassador Duemling was his direct
15 superior. I think there was a concern on all of our parts
16 that the program was probably not being run satisfactorily,
17 and also the situation with [REDACTED] was very tenuous.
18 Chris had excellent relations with [REDACTED]

19 Q Were you aware that Arcos -- do you know Bill
20 Walker?

21 A I never met him. I know who he is.

22 Q From Mr. Abrams' office?

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1 A Right.

2 Q Did you know that Arcos and Duemling used to have
3 meetings regularly with Ollie?

4 A I knew they would talk occasionally, yes.

5 Q How often, sometimes two times a week?

6 A No.

7 Q Breakfast meetings as well as workday meetings?

8 A As I said, I knew that there were meetings that
9 were taking place. I didn't know the frequency of them.

10 Q Do you have any reason to believe they concerned
11 anything besides the conducting of the NHAO program?

12 A The only other thing that it possibly would
13 concern would be our relations, United States relations with
14 [REDACTED] and possibly other countries.

15 Q Did you get the impression that Ollie dealt with
16 Arcos as an alternative with dealing with Duemling?

17 A There was a -- I think Ambassador Duemling and
18 Colonel North had some differences and so he may have felt
19 more comfortable working with Chris Arcos.

20 Q Did you get the impression that Chris Arcos was
21 taking care, on a periodic basis, taking care orders from
22 North and he wasn't reporting to Duemling?

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1 A No, I didn't get that impression. I think he
2 probably talked with Ambassador Duemling about most
3 everything. I'm not sure that Ambassador Duemling knew these
4 meetings were taking place, but I don't think he was
5 necessarily taking orders from Colonel North.

6 Q Did you ever learn from Chris Arcos or Ollie North
7 or anyone else that Chris Arcos had been visited at the State
8 Department by people in early 1986, complaining about Gadd,
9 Secord and the possible involvement of Ted Clise in the
10 conducting of their NHAO flights?

11 A Yes.

12 Q Who told you about it?

13 A Chris told me.

14 Q Chris told you?

15 A Yes.

16 Q Was Ollie present?

17 A No.

18 Q Why did Chris tell you?

19 A He knew that I knew these people and also knew
20 that I was close to Ollie. And these people had come in with
21 a concern that there was mismanagement and perhaps money was
22 not being spent right. I think, also, they had a concern

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1 [REDACTED]

2 Q Did Chris express any concern to you on his part
3 that there were people involved here in the form of Cline's
4 people who might be defrauding the government?

5 A I can't remember [REDACTED] name being brought up,
6 but certainly Gadd, Secord and --

7 Q How about the name [REDACTED]

8 A No, I don't believe his name was brought up.

9 Q Did Arcos tell you that these people warned him
10 that Ollie could get in trouble by associating -- having
11 anything to do with these people?

12 A Yes.

13 Q Did you provide him with any information to allay
14 his fears in that regard?

15 A To allay Arcos' fears?

16 Q Yes.

17 A No.

18 Q Did you give him any opinion that you didn't think
19 anyone was being defrauded?

20 A No. I just said that -- the only thing I can
21 think I would have said is it's a problem that a lot of
22 people are concerned about.

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- 1 Q But you were on the scene?
- 2 A Right. By "on the scene" --
- 3 Q You were down there. He wasn't, Arcos wasn't.
- 4 A Right. Right.
- 5 Q Did you relay to him the impression that you
- 6 didn't think that the State Department was getting ripped off
- 7 at that point?
- 8 A Yes. Cline's name really didn't come up because
- 9 he wasn't involved with NHAO that I know of.
- 10 There was -- there were concerns that had been
- 11 voiced to me by Mario Calero and others about Gadd and
- 12 certainly about General Secord, and I had had a conversation
- 13 with, I think some of the -- at least one of the people who
- 14 had gone in to see Arcos, where they voiced the same thing.
- 15 It was about this time that I also wrote the memo
- 16 to Colonel North which was, I think dated, now, March 25th,
- 17 in which I brought up Tom Cline's name and General Secord's
- 18 names and those concerns.
- 19 Q And do you have any knowledge as to whether Arcos
- 20 discussed those concerns with Ollie himself?
- 21 A I would imagine he probably brought them up, but I
- 22 don't know for sure. I never asked, or he may have told me

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1 and I forgot.

2 Q Do you have any knowledge whether Duemling did?

3 A I think Ambassador Duemling was always suspect o
4 just about everything, and I don't really know whether Chri
5 really discussed it with him or not.

6 Q I think Terry asked you a question about giving
7 ~~money to individuals who are not~~ on those occasions, I think
8 they were, for expenses when he was here in Washington.

9 A Right.

10 Q On those occasions when you gave him money for
11 expenses, on either of those occasions was there any questi
12 in your mind as to the propriety of giving money that was
13 being raised from private individuals to help a cause in
14 Central America, to having one of their leaders stay here i
15 town at a hotel and whatever other expenses he had here in
16 town?

17 A I think I can answer that by a little vignette.
18 One of the first times that ~~██████████~~ was up in town,
19 '85 -- it wasn't the first time he had been here but it was
20 right after, I think, UNO had been formed or the San Jose
21 accords had been formed. He even voiced concerns: "Should
22 be staying at a place such as the Marbury House? Does it

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1 look like it's too ritzy?" Compare that with Calero who was
2 always staying at the Hay Adams or the Sheraton Carlton.
3 There was a difference in that, but I think these people's
4 expenses had to be taken care of, so I didn't see any
5 impropriety in that.

6 I'm going to go back to something that we had
7 talked about that Tom had asked. I bring this up because I
8 thought about what you were asking regarding the
9 Honey-Avignone issue.

10 This is regardless of the lawsuit, in that there
11 was always a concern that they may have been agents of the
12 other side, if not active, at least passive. And I think
13 that at one point it was brought up that a
14 counterintelligence operation should be mounted against them
15 because of this possibility. But a decision was made -- my
16 understanding at the highest levels -- not to undertake
17 that.

18 BY MR. SMILJANICH:

19 Q What do you mean the highest levels?

20 A From my knowledge, to mount a counterintelligence
21 program against an American citizen, it has to be agreed to
22 by the director of the Central Intelligence Agency and the

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1 Attorney General.

2 [REDACTED] had been made at
3 the highest levels?

4 [REDACTED] occasion by,
5 believe, initially by the [REDACTED] and
6 [REDACTED] effect.

7 [REDACTED]

8 A Yes. It was felt there was enough circumstantial
9 evidence that could be undertaken, but perhaps because there
10 were reporters or perhaps because they were involved in a
11 lawsuit, the decision was made not to do this.

12 Q What was the genesis of this idea? Who was the
13 genesis of the idea?

14 A I think it was -- I'm not sure that I know who the
15 genesis of it was. But, it was just a concern and it had
16 been voiced by a number of people that they were worried for
17 [REDACTED] a [REDACTED]
18 [REDACTED] program or active intelligence to

19 [REDACTED]

20 MR. SMILJANICH: Thank you.

21 MR. LEON: I don't have anything more.

22 MR. EGGLESTON: Are you done? I have, now that

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1 I just have a real quick little area.

2 BY MR. EGGLESTON:

3 Q In August of 1986, Colonel North met with
4 representatives of the House Select Committee on Intelligence.

5 A Yes.

6 Q Did you know he was going to do that?

7 A I knew that a resolution, I believe, had been
8 passed which named specifically General Singlaub, John Hull,
9 and myself.

10 I later learned that he did meet with them in
11 August. I asked him what he said about his knowledge of me
12 and he said -- I told them that yes, I knew, had met you on
13 occasion, but -- I believe he said you did not work for me or
14 something to that effect, but he knew I was involved in
15 helping the resistance. I can't really remember what it was
16 that he said, but he did mention that he was asked about me.

17 Q Did he indicate to you whether he had -- he
18 believed he had been truthful or untruthful before the
19 Committee about his relationship with you?

20 A He didn't really say. It was just in passing. He
21 said: Yes, I was asked about you and I said yes, I met you
22 on a couple of occasions. He didn't go into any great depth,

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1 nor do I think he went back in his calendar to see how many
2 times I had been in to see him.

3 Q I take it -- maybe this is conclusory -- I take
4 it, though, if he had told them he met you on a couple of
5 occasions, that would have been an independent estimation of
6 how many times he met you?

7 A Yes. There were times not only on his calendar w
8 met, but there were times we met outside of the building jus
9 so I won't keep showing up on the computer all the time.

10 Q Did he indicate whether or not he had been asked
11 about whether he was involved with you in supplying the
12 Contras?

13 A He didn't indicate one way or the other.

14 Q Do you remember anything else he said to you
15 afterwards about the meeting?

16 A No. By that time the meetings that I would have
17 with him were -- usually few and infrequent. He was a busy
18 man and I didn't want to take up a lot of his time.

19 Q Okay. In the summer -- well, let me ask one more
20 on that line.

21 Before he had the meeting with the members, did h
22 talk to you about how he would respond to the question?

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1 A I brought it up to him once. I believe the
2 measure was passed in June. I can't remember. But I believe
3 I brought it up with him once and asked him how he was going
4 to respond to it? He said: Well, I don't know. Maybe I
5 won't have to respond to it.

6 Q But that's the only question or only conversation
7 you recall with him about how he would respond to the
8 resolution of inquiry?

9 A Yes. We never talked about it, laid out a plan
10 what he should say or shouldn't say; no.

11 Q The summer of '85 he was -- it was a similar,
12 although it was not pursuant to a resolution of inquiry,
13 there was a similar investigation into his activities. Did
14 you ever speak to him about that?

15 A Yes. On several occasions he had a concern for
16 these investigations, and I think there was at least two or
17 three times when he felt that he was going to, potentially,
18 be out the door, and leave the NHC. But he seemed to have
19 been a cat with nine lives and continued to survive.

20 Q Did he ever tell you about about any attempts to
21 alter documents?

22 A No.

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7 I don't have anything.

10 BY MR. LEON:

15 A No, not at this time. I don't remember that.

19 A No. I was always under the assumption that
20 Mr. McFarlane knew what it was that he was doing and we were
21 all working under the aegis, although not being U.S.
22 Government employees, but at the behest of the United States

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1 Government. He once likened it to the Senator's
 2 representatives who was a private citizen and did things in a
 3 private way for the president.
 4 Q Did he suggest anything else?

5 A Yes, not being a representative of the United
 6 States Government.

7 MR. EGGLESTON: I have nothing further.

8 MR. SMILJANICH: No.

9 MS. DORNAN: I just have some questions.

10 BY MS. DORNAN:

11 Q Could you give us your own assessment of both
 12 Secord and the NHAO operations in Central America?

13 A Let me go with the NHAO operation first. I don't
 14 think Congress could have put together a worse package. On
 15 one hand, it's like giving someone the keys to a Cadillac and
 16 then saying don't drive it, in that there was plenty of
 17 opportunity with the way it was going to be managed for
 18 misuse of funds.

19 I brought this up to Ambassador Duenkel and to
 20 Colonel North, because there was no way to verify the
 21 expenses.

22 One of the things that I suggested was that you

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1 put people in Central America or set up bank accounts, and
2 have someone down there who would be writing the checks, or
3 have, in essence, bean counters, to ensure that the funds
4 were properly spent and not misspent. The way it was
5 structured there was plenty of latitude for people to misuse
6 it. And then to have Congress turn around and say the money
7 was misused is as much Congress' fault as anyone else's
8 fault.

9 As far as General Secord, the times I met him he
10 was always cordial and direct. I would like to relay a story
11 that I had, or a meeting I had with Colonel North in which I
12 brought up the concerns that had been voiced about General
13 Secord and Colonel North's comments was: "The man is a great
14 American. He's not making any money off of this. He is
15 serving his country, and when the story comes out as far as
16 what his commitment has been, I think that he will be looked
17 upon as both an honorable man and a patriot."

18 BY MR. LEON:

19 Q Did you ever see any evidence to indicate he was
20 making money on the side or taking money?

21 A No. There was -- I'm not sure who was -- let me
22 rephrase that.

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1 Those involved in this Nicaraguan operation seemed
2 to enjoy Machiavellian politics, lies, deceit, and scurrilous
3 rumor, and there's a number of people that spread those types
4 of rumors that General Secord, Oliver North and others were
5 making money out of this operation.

6 Q You never saw any evidence to indicate that?
7 A No, but plenty of people brought it up.

8 Do you want to ask me what I think about the
9 operation itself?

10 MS. DORNAN: Yes.

11 MR. LEON: Yes.

12 THE WITNESS: Save it for the cables.

13 MR. SMILJANICH: If there's no more, then I guess
14 that concludes the deposition.

15 MR. EGGLESTON: I would like to go over some stuff
16 with him but --

17 MR. HYLDEN: We are off the record, then?

18 MR. LEON: We are off.

19 (Discussion off the record.)

20 * (Whereupon, at 6:40 p.m., the deposition was
21 concluded.)
22

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U.S. HOUSE OF REPRESENTATIVES



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4 DEPOSITION OF ROBERT OWEN5
6 Thursday, October 1, 19877
8 U.S. House of Representatives,
9 Select Committee to Investigate Covert
10 Arms Transactions with Iran,
11 Washington, D.C.12
13 The deposition convened at 10:37 a.m., in Room 2154,
14 Rayburn House Office Building.15 Present: Ken Ballen, Staff Counsel; Pam Naughton,
16 Staff Counsel; Bob Bermingham, Investigator; and Richard Leon
17 Deputy Minority Counsel.18 Also present: Tom Hylden, Sachs, Greenebaum & Tayler,
19 on behalf of the witness.20
21 Partially Declassified/Released on 24A088
22 under provisions of E.O. 12356
23 by K. Johnson, National Security Council
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1 Whereupon

2 ROBERT OWEN

3 was called as a witness, and after having been first duly
4 sworn, was examined and testified as follows:

5 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

6 BY MR. BALLENG:

7 Q Mr. Owen, you were previously under subpoena to
8 the House Committee as well as the Senate Committee. Your
9 appearance here today is pursuant to that continuing
10 subpoena, and you were previously ordered by the Chairman
11 of the House Committee, Lee Hamilton, to testify, and he
12 communicated to you an immunity order issued by the District
13 Court in the District of Columbia, and all your answers
14 today are under that compulsion and continuing immunity
15 order.

16 This should be our last proceeding under that.

17 MR. HYLDEN: With that understanding, he will
18 answer your questions.

19 BY MR. BALLENG:

20 Q As I explained to your lawyer earlier, I have some
21 general areas to ask you about that perhaps we didn't inquire
22 into fully before, and we are interested in gaining your
23 knowledge on those issues to supplement the record.

24 A I will do my best.

25 Q Thank you.

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1 The first area and/or person that I would like to
2 ask you about is John Hull. Let me ask you a series of
3 questions.

4 When did you first meet John Hull?

5 A I believe in June or July 1983 he came into Senator
6 Quayle's office. He was a resident of Indiana. He con-
7 sidered Quayle his Senator. He came to discuss what was
8 going on in Central America, he had with him a Nicaraguan and
9 two other Americans.

10 While he was in the office, he started talking
11 about what was going on. I felt it was important that others
12 listen to him and set up appointments with others on the
13 Hill and one with Oliver North.

14 Q When was that?

15 A June or July 1983.

16 Did you accompany him to the meeting?

17 A Yes, I did.

18 Q What was in general the topic of discussion?

19 A It was the first time that I had seen I got the
20 feeling that this was a very important man who he was

21 It was a friendly gathering discussing the Southern
22 Front. The Nicaraguan, a fellow by the name of [REDACTED]
23 did most of the talking because he had been one of Eden
24 Pastora's commanders and had just come out of the field the
25 past week.

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1 Ollie was interested in knowing what the morale
2 of the troops was, whether they were getting supplies.

3 Q What was his involvement? How did he know this
4 information?

5 A How did Hull know the information?

6 Q Yes.

7 ~~MR. WILSON:~~ How did Hull know the information
8 ~~_____~~

9 THE WITNESS: The Nicaraguan was conveying this.
10 John was more -- I think Eden paid for ~~_____~~ trip here and
11 wanted him to go around and talk to as many people as
12 possible.

13 John may have talked about his observations, but it
14 was nothing specific that I can remember.

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Pages 5 and 6
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He said, "Why don't you take a trip there," and I did.

A Sure. Most every time I was in Costa Rica I would see him. I would drive out to his farm or he would be in town and meet me.

Q What was he to do for that?

Q This would be the Southern Front?

MS. NAUGHTON: October of what year?

THE WITNESS: I think it went through September of

1985. I am not sure. [redacted] mentioned records that he would pass on to [redacted] and finally give me copies and

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1 occasionally I would give copies to Ollie.

2 BY MR. BALLENG:

3 Q Did Hull perform any other role of assistance
4 to the Southern Front? How did he distribute the money?

5 A There was a concern if money was being given
6 directly to people, it might end up in pockets. One of his
7 people would buy the food, the boots or clothing and then
8 they would send it up to the border or wherever it was
9 supposed to go.

10 Q Was this an operation that Colonel North had
11 approved of?

12 A Actually, it wasn't until I think after it
13 happened that Ollie even knew John was getting \$10,000 a
14 month from Calero.

15 At some point, I told him and he said that was news
16 to him because I hadn't talked to him about it, and I don't
17 think Calero did either.

18 It was decided between Calero and Hull and there

19 was another Nicaragua



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So Hull kind of acted as a coordinator in trying to help them get the subsistence.

Q Was he involved in any military assistance or advice for the forces at that time -- when I say at that time I am talking October 1984 to September 1985?

A There was really very little military action going on at the time. There were five or four people who ended up going down there, two Brits, a Frenchman, and two Americans.

Q Do you recall their names?

A. Steven Carr, an American; Peter Glibbery, British; John Davies, British; Claude ^{Chafford} ~~Chafford~~, French; and Robert ~~Chafford~~.

Hull was the type of person who attracts every kind of conceivable individual you can imagine. Somehow his name is well known in Costa Rica.

Many people would show up on his farm.

Q Where exactly is his farm?

of Messrs. ... called ... minutes outside ...
of Messrs. ...

Q How far is it from the Nicaraguan border?

A As the crow flies, maybe 30 kilometers, maybe less. I am not really sure. He also damaged other property near the border, ~~about 10 kilometers~~ to the north.

Q In any event, you were saying he attracted these

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1 people.

2 A. Hull was in Miami in March of 1985, I believe, and
 3 Glibbery and Davies and maybe even ^{Chafford} Chafeard, I am not sure,
 4 ended up flying down with Hull, and I think Hull bought
 5 Glibbery's ticket because he didn't have enough money.

6 These guys had been recommended to Hull by --
 7 somehow they got connected with Bruce Jones and Sam Peery,
 8 I think, and I think they had some idea that they were going
 9 to be able to be training or provide some training to the
 10 resistance.

11 They weren't military people, although I think
 12 Glibbery and Davies had some military background.

13 Eventually they ended up all getting arrested on the
 14 border and they were not on Hull's property, they were on
 15 someone else's property at the time.

16 I understand they had been involved in at least
 17 one incursion in Nicaragua, some of them. They were thrown
 18 in jail. I think after about a year they were let out on
 19 bond and I think Hull put up the money for the bond.

20 Davies, Thompson, and Carr all went over the border
 21 to Panama and ended up fleeing the country. Glibbery and
 22 Glibbery stood trial and are presently serving five years in
 23 jail in Costa Rica.

24 Q You say they had planned -- some of them had
 25 participated in one incursion and they had planned to engage

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1 in military training and other action.

2 Did you talk to Colonel North about any of this?

3 A No. I mean these guys -- there was no reason
4 for me to talk to him about it. He had too many other
5 things on his mind and this was something that I don't think
6 was taken very seriously by any of us.

7 There were guys who wanted to go down --

8 Q How about Tom Posey? You mentioned him.

9 A I gave Ollie --

10 MR. HYLDEN: What about him?

11 BY MR. BALEN:

12 Q What discussions, if any, did you have with Colonel
13 North concerning Tom Posey?

14 A At one point I gave Ollie a list of the things that
15 Posey had passed on to me that he said he had sent down to the
16 FDN, because that is who he was basically working with.

17 One of the things I ended up doing from time to
18 time was sort of keeping Ollie informed about what these
19 various agencies of fortune, if you will, were doing.

20 One of the people being Jack Farrell, because there
21 was a concern about him, and everyone, Calero,
22 Hull, North, me and others were all concerned that, one,
23 Posey kept talking about why didn't they have trainers there
24 who were eventually going into operations, and no one wanted
25 an American there who was going to get killed like happened

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1 with the two that were on the helicopter that was shot down.
2 That would be just unacceptable.

3 So I tried to in some way guide Posey to tell him
4 you don't need to send people there. If you want to send
5 supplies, that is fine, but don't be talking about sending
6 a lot of people there for training.

7 Posey called me to try to keep me informed of what
8 he was doing. I never told him that I worked for North. He
9 knew that I worked closely with Calero. Posey was working
10 by and large with Calero's brother, and he kept trying
11 to find out where CMA stood in all this, so he used me as a
12 sounding board, if you will.

13 I think the first time I met with Tom was
14 January 1985 in Miami and then he was up here in Washington.

15 Q What were the circumstances of that meeting in
16 January 1985?

17 A In Miami?

18 Q Yes.

19 A I am not sure how it came about, but there were
20 a couple of meetings. Some took place at the Howard Johnson's,
21 contra discounts, near the airport and there was a meeting
22 that took place at Calero's home.

23 Tom Posey was there. Joe Adams, Joe Adams, Joe Adams,
24 a fellow by the name of Joe Adams. I was there, Hall was
25 there, Calero was there, Frank Chanis was there. There may

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1 have been a couple others.

2 Q What was the substance of the discussion?

3 A The substance of it was to try -- Posey wanted to
4 find out what he could do with the Southern Front and Hull
5 was there and Calero had chosen Hull to be in essence the
6 coordinator.

7 We were supposed to discuss the Southern Front,
8 but what ended up happening was Jack Terrell started talking
9 about arms and munitions that the ^{resistance} ~~resistance~~ had [REDACTED]
10 [REDACTED] they wanted to sell to Calero and
11 the ~~resistance~~ had given Terrell a letter saying that he was
12 their representative.

13 So a lot of the meeting was to discuss that and
14 there were never any substantive discussions that came out of
15 that that I can remember.

16 Jack Terrell said in a newspaper article there was
17 ~~discrepancy between the two~~
18 ~~knowledge that never took place. That was a huge lie.~~

19 In the meetings in the hotel in the Howard Johnson
20 Posey kept trying to talk about how they could help the
21 Southern Front.

22 Hull may have finally said if you want to send some
23 people to look at what is going on down there, fine; I will be
24 happy to show them around.

25 Eventually I think Posey and Terrell may have gone

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1 down to Costa Rica, I can't remember, but someone did go
2 down. They looked around and nothing substantive came of it.
3 That is how the five guys ended up going there.

4 Claude ^{Chaffard} ~~Chaffard~~ had been working with the FDN.

5 Q From the fall of 1985 until the fall of 1986,
6 what activities, if any, did John Hull engage in in support
7 of the Nicaraguan resistance?

8 A Really very little. At that time he was working --
9 part of the time I was working with NHAO. Usually when I
10 was in Costa Rica, I would end up seeing him or talk to him
11 on the phone, but he didn't really help NHAO at all. He would
12 constantly have Nicaraguans coming into his farm asking for
13 help, Indians would come in and ask for help, but he didn't
14 really play any substantive role.

15 Q Did he play a role in the resupply operation in
16 terms of aiding the southern forces?

17 A Not really, because that was a separate vehicle
18 set up. He was ~~not~~ tainted by them as far as being a public
19 figure that there was no reason to try and involve him in it.

20 Q Was that a conscious decision that you had
21 discussed with Oliver North or not?

22 A No, it was just common sense.

23 Q It was not something that anyone decided or
24 discussed?

25 A There was really no role for him to play because

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we were working with [REDACTED] and he had his own people

Q He was receiving \$10,000 a month from Adolfo Calero
from approximately October 1984 --

A Probably more November or December.

Q Until the fall of 1985 sometime?

A Right.

Q What caused that to stop?

A One, Calero was running out of money. NHAO had

come on to line so there was no reason to provide money to do things that NHAO was going to do, so there was no reason for it to continue.

To the best of my knowledge, all the money that Hull got went specifically towards humanitarian goods and services. He didn't make any money out of this.

Throughout this whole thing, he lost money in every way conceivable.

Q So, in other words, once NHAO money started coming in, there was no need for this money being channeled?

A Yes, plus Calero was running out of money.

Do not know an individual by the name of Joseph
Richard Williams

which I have, and it was a very important letter. Before I

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1 ever talked to Ollie, Kelso had said that he was working for
2 Customs out of Denver.

3 Q How did you learn this?

4 A It was in the letter. If you have a copy of the
5 letter, I could sort of explain it to you. I ended up calling
6 Customs in Denver and asking for --

7 MS. NAUGHTON: Can we start at the beginning?

8 As far as Kelso, did you first get the letter from Hull or
9 did you first meet Mr. Kelso?

10 THE WITNESS: I never met Mr. Kelso.

11 MS. NAUGHTON: So the first you heard of Kelso was
12 the letter?

13 THE WITNESS: Yes.

14 MS. NAUGHTON: Did he refer to him as Kelso or
15 with another name?

16 THE WITNESS: Actually, there were two names, and
17 I can't remember the other name right now.

18 MS. NAUGHTON: Does the name Williams ring a bell?

19 THE WITNESS: Yes, Richard Williams.

20 MR. HYLDEN: Do you have the letter?

21 MR. BALLEEN: I don't have it.

22 MS. NAUGHTON: I do not.

23 THE WITNESS: You have a copy of the letter, though?

24 MR. HYLDEN: It was in the documents that we turned
25 over to you.

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1 MR. LEON: You don't recall if it was an exhibit
2 at the hearing?

3 THE WITNESS: It didn't become an exhibit. We
4 probably have a copy somewhere if you need it. It is sort
5 a long, involved story. I ended up calling Customs at
6 Denver --

7 MS. NAUGHTON: Wait a minute. What prompted you
8 to do that? What was in the letter that prompted you to do
9 that?

10 THE WITNESS: Well, I am concerned -- within the
11 letter, there was a concern that DEA, the Drug Enforcement
12 [REDACTED] were taking away our looking
13 the other way in narcotics trafficking. The story --

14 BY MS. NAUGHTON:

15 Q Was that Mr. Hull's concern?

16 A No, that was Kelso's concern.

17 Q What was Mr. Hull's concern about Mr. Kelso
18 saying that?

19 A He had this guy show up at his farm. He was
20 brought [REDACTED] someone that Hull knew and trusted.
21 This guy came in and said, "Look, I have been told that you
22 are the one guy I should contact. There is a real problem
23 here. I think the DEA people are trying to kill me. I am
24 convinced that they were involved in narcotics trafficking
25 and looking the other way. And I don't know who else to turn to."

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1 to." While Kelso was there at some point I believe Hull
2 called, I don't know whether it was the civil guard or the
3 rural guard -- I haven't read the letter in a long time --
4 anyway, people from the Intelligence Service of the Government
5 of Costa Rica showed up. Then a major showed up and they
6 pulled Kelso out of the room where he was sleeping.

7 All he had on was underwear. Shots were fired
8 and he was taken away in a car.

9 Q Do you know why Mr. Hull called the Intelligence
10 Service?

11 A I think there was concern on his part as to who
12 this guy was and what was going on. Hull is weary of people
13 talking about narcotics because people have tried to label
14 him as being involved in narcotics trafficking.

15 To my knowledge over the four years that I knew
16 him, there was absolutely no truth to that whatsoever. So
17 I think he was concerned.

18 The guy was hustled off. A couple days later Hull
19 gets a call from Kelso saying, "Meet me at the airport.
20 I am about to be thrown out of the country."

21 At that time, I think Kelso tells him his real
22 name is Williams or vice versa. He said previously he had
23 been in Egypt and brought back over to Costa Rica. It was
24 very bizarre.

25 One of the concerns was that, one, DEA was involved

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1 with trafficking in drugs, that Hull was concerned about
2 that.

3 He was concerned about whether he was being set up
4 by someone. I think those were the two major concerns.

5 So out of curiosity, I took it upon myself before
6 I talked to North to call Customs in Colorado and ask if
7 Mr. Kelso was there.

8 A special agent said he is not here.

9 MR. BALLEEN: How did you know to call Customs in
10 Colorado?

11 THE WITNESS: Because Kelso had told Hull he was
12 working for Customs in Colorado. It was in the letter.
13 I hadn't talked to Hull on this. I just had the letter.

14 BY MS. NAUGHTON:

15 Q When you called, who did you tell them you were?

16 A I told them I was a private citizen, Rob Owen.

17 Q Is that the first name you used?

18 A I said I was trying to get in touch with him on
19 behalf of Mr. Hull. I used Hull's name.

20 Q When you used that name, did you attempt to be

21 [REDACTED]
22 A I can't remember. Maybe that was the first phone
23 call. Then I called him back and said what my name was.

24 MR. BALLEEN: You called him out of curiosity?
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1 THE WITNESS: Yes. They have a special agent who
2 comes back to Washington and I either talked with him on the
3 phone or I met him.

4 BY MS. NAUGHTON:

5 Q Who was that?

6 A It was not a special agent. It was someone from
7 the U.S. Attorney's Office, a guy named Blackford or Black.

8 Q You met with him?

9 A I don't think I met with him. I talked to him on
10 the phone.

11 Q That was after your initial phone call to Customs?

12 A Right.

13 Q Do you recall how long after that first call to
14 Customs?

15 A Right.

16 Q Do you recall how long after that first call to
17 Customs?

18 A Within a couple of days. He was coming back here
19 anyway. The whole thing was kind of screwy.

20 MR. BALLEEN: What was the substance of the
21 conversation?

22 THE WITNESS: I must have met the guy, maybe I
23 even gave him a copy of the letter.

24 BY MS. NAUGHTON:

25 Q Mr. Black?

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1 A It is something Black. At least I think it is
2 something Black.

3 Q You think you gave him a copy of the Hull letter?

4 A I think. I don't remember. You would have to get
5 in touch with him. This is sort of an offshoot of all this.
6 If I could briefly say, eventually I went in to talk to North
7 and gave him a copy of the letter and said "I am concerned
8 because I don't know whether this is being sent up, whether
9 there is a problem with the CIA that is going on."

10 He had had within a day or two before that a letter
11 that came across his desk that was signed by, I believe it
12 was the head of presidential security for Costa Rica, a fellow
13 by the name of -- actually, he had some documents signed by
14 Oscar Arias. I don't remember. He said that Mr. Kelso
15 and I were going to be involved in this. We had involve
16 in stopping a potential administration change in Costa Rica
17 Arias.

18 And the reason that the name flashed across North
19 is because this letter had come across his desk regarding
20 Central America and regarding Costa Rica, so it flipped in
21 the back of his mind, Kelso.

22 So it was all a bit bizarre, and anyway I ended up
23 taking a trip down to Costa Rica. One of the reasons there
24 was a concern, somehow -- I don't want to get involved in
25 this because it was a very big deal --

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1 MR. HYLDEN: Why can't we go off the record and
2 you and I talk for a second.

3 [Pause in the proceedings.]

4 MR. BALLEEN: Back on the record.

5 BY MR. BALLEEN:

6 Q Back to Mr. Kelso.

7 You testified that you called out to Customs in
8 Denver; is that correct?

9 A Right.

10 Q Did you ask whether or not Kelso was acting as an
11 agent, a U.S. agent for Customs?

12 A Basically I was -- I think the call went something
13 like this.

14 MR. HYLDEN: Before you answer that question,
15 Mr. Owen, let me ask you whether your call to Customs in
16 Colorado was part of an investigation being performed by you
17 in connection with the defense of a civil suit pending against
18 you in Miami?

19 THE WITNESS: At that time I would have to say no,
20 because I didn't know there might have been a connection.

21 MR. HYLDEN: Then you may answer the question.

22 THE WITNESS: I said I was trying to get in touch
23 with Mr. Kelso, I gave the name John Hull, that he had
24 recently been in Costa Rica. I was trying to track him down.
25 I think this might have been on a Friday and I think the gist

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1 of it was why don't you call back either tomorrow, if it was
2 a Thursday, or Monday -- I don't remember the date.

3 I called back and talked to a Customs special
4 agent and he was curious as to how I knew about Kelso and
5 so forth.

6 I said that I had a friend in Costa Rica, but this
7 time I gave him my name, I believe. He said, "Well, we have
8 a U.S. Attorney who is presently investigating Mr. Kelso,
9 we would like him to talk with you."

10 At this point, if memory serves me right, and I
11 can't say explicitly, I went to Ollie North and talked with
12 him and gave him a copy of the letter.

13 BY MR. BALLENG:

14 Q The letter from John Hull?

15 A Yes. I said there is obviously something screwy
16 here. I am a little concerned about it. Do you know anything
17 about it?

18 He at that time brought up a letter that he had
19 received from the Office of the President of Costa Rica
20 and I think [REDACTED]
21 [REDACTED] on the President Arias stationery,
22 or it was signed by President Oscar Arias and had MacNaulty's
23 name in it.

24 I said this is screwy. I said I am concerned.

25 [REDACTED] s. We

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1 don't know where this is going.

2 I ended up talking to a separate lawyer other than
3 my present counsel and the decision was made that I go down
4 there because of the concern about the lawsuit.

5 Q When you spoke to Customs and the U.S. Attorney in
6 Colorado, did you ask whether or not Kelso was an agent for
7 Customs or the United States Government?

8 A I think I probably did.

9 Q What response?

10 A The response was -- I can't remember what the
11 response was. Eventually -- no one was sure whether he was an
12 agent or he wasn't an agent. As I said, truth is stranger
13 than fiction, and this is one of those stranger stories.

14 Q So you don't recall at that time whether you were
15 told --

16 A At that time. Eventually I learned that at one
17 time he was.

18 Q Subsequent to your call to Customs in Colorado,
19 did you speak to any agent of Customs in Washington, D.C.?

20 MR. HYLDEN: Other than in connection with
21 investigating the civil suit that you were involved with.

22 THE WITNESS: We are going to run into a brick
23 wall.

24 MR. HYLDEN: Then we have a brick wall. That is
25 all we can do about it. I don't want you to testify about

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1 work you did investigating -- the investigation in connection
2 with the civil suit in this.

3 THE WITNESS: Sorry.

4 MS. NAUGHTON: Let's ask this question: Presuming
5 that such a meeting did occur in Washington, D.C. between
6 yourself and officials or an official of the U.S. Customs,
7 did you explain to that official that you were investigating
8 a civil lawsuit?

9 MR. HYLDEN: Don't answer the question.

10 THE WITNESS: I have to listen to my counsel.

11 MS. NAUGHTON: Did you receive anything from
12 that U.S. Customs official regarding Mr. Tolson?

13 THE WITNESS: I don't know.

14 MR. HYLDEN: What U.S. official?

15 Would you clarify your question? What Customs
16 official and when?

17 MS. NAUGHTON: He wouldn't answer the question.

18 MR. HYLDEN: He has answered a lot of questions
19 including questions about conversations with Customs
20 officials in Colorado.

21 MS. NAUGHTON: You mentioned that you called U.S.
22 Customs in Colorado -- this is prior to consulting with an
23 attorney.

24 THE WITNESS: Right.

25 MS. NAUGHTON: What was the name of the Customs

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1 official to whom you spoke in Denver?

2 THE WITNESS: His name is Gary -- I don't know
3 his last name.

4 BY MS. NAUGHTON:

5 Q Is it Hillberry?

6 A That might be right.

7 Q Did you speak to anyone other than Mr. Hillberry
8 during that conversation?

9 A I don't believe in that first conversation that
10 I did.

11 Q And the second conversation with Mr. Hillberry
12 took place when?

13 A At a subsequent time within a few days and at that
14 time I believe that Mr. Black, and I don't know -- you, I am
15 sure, know the name --

16 MR. HYLDEN: Can you help him on that?

17 MS. NAUGHTON: It is Mr. Black.

18 THE WITNESS: I did talk with him on the phone
19 at some subsequent time within a framework of a few days,
20 right.

21 MS. NAUGHTON: When you spoke to Mr. Black, how
22 did you identify yourself?

23 THE WITNESS: As Rob Owen, private citizen, who
24 worked for a group called the Institute on Terrorism and
25 Subnational Conflict.

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1 BY MS. NAUGHTON:

2 Q Had you in the meantime spoken to Colonel North?

3 A I don't remember whether I spoke to North before
4 or after that conversation.

5 Q Had Colonel North told you that he had spoken to
6 anyone at Customs?

7 A Not when I first met him, because when I first
8 talked with him, he didn't know anything about it.

9 Q Subsequent to your conversation when you told him
10 about it, do you know whether or not Colonel North spoke to
11 anyone at Customs?

12 A I think at this point is where the concern that
13 involved the lawsuit -- I think I talked with a lawyer at
14 some point and a decision was made that this was regarding the
15 lawsuit, that there was some connection.

16 I don't know whether you want me to answer that or
17 not.

18 MR. HYLDEN: I don't want you to answer it. I am
19 willing to talk to you off the record to see if there is a way
20 to get around this.

21 MR. BALLEEN: Let's go off the record.

22 [Pause in the proceedings.]

23 MR. BALLEEN: I will put this on the record.

24 Since we don't know where your privilege starts,
25 we are going to ask the questions we feel we have to ask.

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1 Whenever you want to assert the privilege that you are
2 claiming, assert the privilege.

3 THE WITNESS: I just assert it as attorney-client
4 privilege; is that right?

5 MR. HYLDEN: I will just instruct you not to
6 answer.

7 MS. NAUGHTON: We want to put the exact basis
8 of the privilege on the record. On the record, we will state
9 that it is not the committee's position that we recognize the
10 privilege, but you may certainly assert the privilege. We
11 can go back for a ruling on it.

12 BY MS. NAUGHTON:

13 Q We were at the point -- first let me ask this --
14 when you first called Customs about Mr. Kelso, could you give
15 us a month and a year of this conversation?

16 A I can't give you a month unless I have a copy of
17 the letter.

18 MR. HYLDEN: Let's go off the record for a moment,
19 okay?

20 [Pause in the proceedings.]

21 MS. NAUGHTON: Back on the record.

22 BY MS. NAUGHTON:

23 Q The initial phone call again that you made to
24 Customs in Colorado, could you give us an approximate month
25 and year?

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1 ~~CONFIDENTIAL~~ August, 1986. You would
2 have to go back and find the letter and see what the date was
3 It could have been somewhere around there.

4 Q And do you recall the first conversation you had
5 with Colonel North on this subject? Was that in August of
6 1986?

7 A I believe so. It would have been within the next
8 few days. You can go back and check the records on his entry
9 log.

10 Q Did Colonel North direct you or suggest that you
11 meet with anyone at U.S. Customs in Washington, D.C.?

12 A At that initial meeting, I do not think so.

13 Q After you spoke to Assistant U.S. Attorney Black,
14 did you then speak to Colonel North?

15 A I think that I probably called him up and told
16 him that I had talked with him.

17 Q Did you at that time believe that Mr. Kelso was a
18 Customs informant?

19 A I had not made any assumptions one way or the other
20 about Mr. Kelso at that time.

21 Q At the second conversation with Colonel North
22 after you spoke with Mr. Black, did Colonel North then
23 suggest that you meet with anyone from U.S. Customs in
24 Washington, D.C.?

25 MR. HYLDEN: I believe this was the question that

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1 when you were asked it last time you said that at this point
2 you had made a connection in your own mind with the Henry
3 Avigean suit and were investigating. If that is so and if
4 that second conversation with Colonel North falls into that
5 time period, then I instruct you not to answer so there
6 wouldn't be an argument of waiver of applicable privileges.

7 THE WITNESS: The way I would like to do this,
8 and correct me if I am wrong, but either at the first
9 conversation or at the second conversation, to the best of
10 my recollection, that I had with Colonel North, it became
11 apparent, or it was considered that this may have a reflection
12 on the civil suit that has been filed in Miami, and therefore,
13 that was when the connection was made and that was when it was
14 undertaken as part of the civil suit investigation, contacting
15 a lawyer.

16 MR. HYLDEN: That is enough. Don't answer that
17 question she has just posed any further.

18 BY MS. NAUGHTON:

19 Q This committee has received testimony that you
20 met then with the Assistant Commissioner for Customs,
21 Mr. William Rosenblatt. Is it your testimony then that this
22 meeting, your meeting with him, was in connection with
23 investigating the civil private lawsuit against you?

24 A That was my understanding of basically what that
25 meeting was about.

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1 Q Did you tell Mr. Rosenblatt that that was your
2 purpose for being there?

3 MR. HYLDEN: I instruct him not to answer.

4 BY MS. NAUGHTON:

5 Q Did Mr. Rosenblatt arrange for you to receive any
6 materials pursuant, from that visit?

7 MR. HYLDEN: I instruct him not to answer. I am
8 going to instruct him not to answer any questions within this
9 time period that pertains to the privilege.

10 BY MS. NAUGHTON:

11 Q Did Mr. Rosenblatt give you any tape recordings?

12 MR. HYLDEN: I have instructed him not to answer
13 that question. I will instruct him not to answer any
14 questions about that meeting. You just asked him another
15 question about it.

16 MS. NAUGHTON: No, I didn't.

17 BY MS. NAUGHTON:

18 Q Subsequently to meeting with Mr. Rosenblatt, did you
19 pick up tape recordings from the Customs Service in Washington,
20 D.C.?

21 MR. HYLDEN: Objection. I instruct him not to
22 answer.

23 BY MS. NAUGHTON:

24 Q Subsequent to picking up tape recordings, did you
25 ever return them to the Customs Service?

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1 MR. HYLDEN: I instruct him not to answer.

2 BY MS. NAUGHTON:

3 Q Subsequent to the meeting with Mr. Rosenblatt,
4 did you meet in Costa Rica with agents of the Custom Service?

5 MR. HYLDEN: I instruct him not to answer.

6 Off the record.

7 [Discussion off the record.]

8 MS. NAUGHTON: Back on the record.

9 Since the witness has refused upon advice of
10 counsel to answer any further questions in the Kelso matter,
11 I have no further questions and Mr. Ballen may have other
12 areas of inquiry.

13 MR. HYLDEN: The record will speak for itself as
14 to what I have advised my client.

15 MR. BALLEEN: I have no other questions on any
16 other matters. We covered John Hull previously. That was
17 my major area of inquiry.

18 MS. NAUGHTON: I have other areas.

19 BY MS. NAUGHTON:

20 Q Do you know Mr. Spivey?

21 A Yes.

22 Q Could you tell us where you met him?

23 A In Washington, D.C. I received a phone call with
24 North, or I was talking with Ollie, and he said, "There is a
25 Hollywood producer who is thinking about doing a movie and

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1 I had given him your name and one other person's name,
2 I believe Rich Miller. Would you talk with him?"

3 Larry Spivey came to Washington, D.C. --

4 Q Could you give us a time frame?

5 MR. HYLDEN: We have been through this.

6 THE WITNESS: Mr. Spivey came to Washington and I
7 ended up meeting with him on numerous occasions. I accompanie
8 him to at least one Senator's office. I think I may have
9 set up some appointments for him with some congressional
10 staff.

11 He came to my house with his girlfriend for a
12 party that I was having.

13 What else would you like to know?

14 BY MS. NAUGHTON:

15 Q When was the last time that you spoke to Mr. Spivey?

16 A Sometime in the late winter, maybe early spring
17 of 1985. Well, actually, I ran into him at a -- at the
18 Nicaraguan Refugee Dinner in April of 1985.

19 Q And that is the last time you recall speaking
20 to him?

21 A As far as I can remember.

22 Q Do you know whether or not Mr. Spivey had any
23 contacts with any agents of the Federal Bureau of
24 Investigation?

25 A He said that he did.

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1 Q What did he tell you about that?

2 A He said he had met with agents of the FBI in
3 Florida and that the FBI had told him that John Hull was
4 involved in narcotics trafficking.

5 Q Did he give you the name of the agents?

6 A He may have, but I have forgotten.

7 Q Have you ever spoken to any FBI agents stationed in
8 Miami, Florida?

9 A Not that I know of.

10 Q Did he tell you how the FBI found out this
11 information regarding the drug smuggling?

12 A No.

13 Q What did he tell you about it?

14 A Something to the effect of he knew that I was
15 friends with John Hull and I think he said you better beware
16 of Hull. I think he said something like the FBI is watching
17 him for drug trafficking.

18 Q Did he mention whether or not he had seen any FBI
19 reports of activities in Central America?

20 A I think he may have said that, yes.

21 Q Do you know whether or not Mr. Spivey communicated
22 this information to Colonel North?

23 A As far as I know, no. I don't know whether he did
24 or not. I do remember that I probably brought it up to
25 Colonel North, because I was concerned.

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1 Q Did you tell Colonel North about Mr. Spivey's
2 contacts with the FBI?

3 A I may have. I believe that I probably would have.

4 Q Did Colonel North indicate to you that he would
5 take any action on this or try to find out more about it?

6 A If he said anything, he was just trying to find
7 out if there was any truth to it or not I think and I am not
8 quoting him directly, but I think he probably said, "I will
9 try to find out whether it is accurate."

10 Q Did he say how he would find out?

11 A No.

12 Q Did Colonel North tell you anything about any
13 specific plans to shoot a movie with Mr. Spivey as producer?

14 A I don't know whether North did, but Spivey
15 certainly talked about it. That is why he was in Washington,
16 he wanted to shoot a mini series -- not only produce it, but
17 be involved in the actual ending.

18 Q You mean the end of the story of the resistance
19 in Nicaragua?

20 A Right.

21 Q What was the ending to be?

22 A That they would be successful.

23 Q Was he going to take any action to see that that
24 happened?

25 A Was he going to take any action -- he wanted to try

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1 and orchestrate an ending.

2 Q Do you know whether or not Mr. Spivey received
3 any money from the FBI at any time?

4 A You've got me.

5 Q Do you know if he had any contacts with any
6 officers or assets of the CIA?

7 A No. For some reason, I think he may have alluded to
8 it, but I never took him seriously.

9 Q Did either Mr. Spivey or Colonel North ever
10 mention to you any contact with FBI agents stationed in Los
11 Angeles?

12 A The only thing -- for some reason, I don't know
13 whether it was Los Angeles or where it was, but for some
14 reason, I have in the back of my mind, I seem to recall that
15 there may have been some mention that Ollie talked to someone
16 about Spivey to find out whether he was an all right guy, if
17 you will.

18 But I don't know names and I don't really remember
19 the specifics. It is just a vague recollection.

20 Q What did Colonel North tell you he was told by
21 the FBI?

22 MR. HYLDEN: He didn't say, I don't think, that he
23 knew Colonel North talked to the FBI, did you?

24 THE WITNESS: I said earlier I didn't think he had,
25 but I had a vague recollection that he might have. It would

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1 have been, I guess the guy is all right. I don't know. I
2 took the lead from Ollie as to whether to associate myself
3 with the guy, and told Ollie eventually that I thought he
4 was using bad judgment in associating with him.

5 BY MS. NAUGHTON:

6 Q Why was that?

7 A I didn't trust him.

8 Q Why not?

9 A Can we go off the record for a second?

10 Q Why?

11 A I am not going to put this on the record.

12 [Discussion off the record.]

13 BY MS. NAUGHTON:

14 Q Do you know whether or not Admiral Poindexter
15 ever met with Mr. Spivey?

16 A I would be highly surprised. Not that I know of.

17 Q Do you know whether or not Mr. Spivey and Colonel
18 North ever met with the producer David Wolpe?

19 A I know at some point that David Wolpe -- as a
20 matter of fact, I think that there was supposed to be a meet-
21 ing set up with Wolpe and Spivey in the White House mess at
22 some point.

23 Q Do you know when that was to occur?

24 A Maybe February or January 1985.

25 Q What was the purpose?

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1 A They may have been discussing the possibility of
2 doing a film. Spivey had a variety of grand ideas and some of
3 them seemed from a PR angle decent. Other ones seemed very
4 farfetched.

5 Q If I could take you a little further in time to
6 the fall of 1986 when the plane carrying Hasenfus crashed,
7 do you know whether or not Mr. Spivey had any contact with
8 Mr. Hasenfus?

9 A After the crash?

10 Q Yes.

11 A All I know is what I read in the paper and that was
12 that he was having conversations about possibly producing his
13 movie.

14 Q Do you know whether Mr. Spivey bought up the
15 rights to Mr. Hasenfus' story?

16 A You will have to ask him. I only know what I read
17 in the paper.

18 Q Did you have any contacts with any FBI agents
19 that are stationed in Los Angeles?

20 A Not that I know of.

21 MR. BALLENG: Let me interrupt for a second. You
22 asked for the letter. I wanted to give you a copy of that.

23 MR. LEON: Can we have that admitted as an exhibit?

24 MR. BALLENG: All right, we will have it put in as
25 Exhibit 1.

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1 [Owen Exhibit No. 1 was marked for identification.

2 MR. LEON: Is this your handwriting at the top?

3 THE WITNESS: No, it is John Hull's. If we can
4 go back on this -- it will clarify why he was concerned and
5 the whole lawsuit came into being, is because there was a
6

7 [REDACTED] and, in fact, [REDACTED] lawsuit
8 and that rang bells, too.

9 That may clarify why there was a trigger.

10 BY MR. BALLENG:

11 Q This committee Exhibit No. 1 is a copy of the
12 letter that you turned over to us previously?

13 A Right.

14 Q And the writing on the top is John Hull's?

15 A Right.

16 Q So this was a letter from John Hull to you in
17 approximately August 1986?

18 A Yes. I am not sure whether this writing was on the
19 original letter or not or I got a copy of the letter and he
20 put that on. I don't remember.

21 MR. LEON: How about the writing on the last page?

22 THE WITNESS: I believe that may have been on the
23 letter, so maybe the original writing was on the letter, too

24 MR. LEON: Do you remember who wrote that?

25 THE WITNESS: That is Hull.

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1 MR. BALLENG: At the top of the first page it refers
2 to other documents.

3 Do you recall what those documents were?

4 THE WITNESS: I think that they were some of the
5 depositions or quasi-depositions that had been taken regarding
6 the Honey-Avirgan lawsuit.

7 MR. HYLDEN: Those documents have also been turned
8 over to the committee.

9 MR. LEON: Do you know why he wanted those
10 documents turned over to Senator Rudman as indicated in his
11 handwriting at the top of the letter?

12 THE WITNESS: I believe he wanted it turned over
13 to the Senate Ethics Committee because I believe in one of the
14 documents one of the people who were in jail said they had a
15 conversation with a representative of Senator Kerry's office,
16 and Senator Kerry's office had promised them money and a green
17 card if they would come to the United States and testify.

18 BY MS. NAUGHTON:

19 Q Did you speak to Mr. Hull about this letter?

20 A Yes.

21 Q Did Mr. Hull tell you anything about Tomas
22 Castillo's involvement



23
24 MR. HYLDEN: His involvement with what?
25

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BY MS. NAUGHTON:

Q With this matter?

A No.

Q None.

A Not when I talked to him.

Q Did he specifically state to you that he wasn't involved?

A It didn't come up.

Q The very last page, the handwriting that says "Today some locals that should know told me" -- and then I can't read that [REDACTED] did plan to have the gringo shot here."

MR. HYLDEN: It is not end quote. There is more language there that is deleted or not contained on the copy that we have been given.

THE WITNESS: I don't think they have it either.

MR. HYLDEN: Maybe you don't. There is further printing.

MR. BALLENG: Here is the original and I will show it to you.

MS. NAUGHTON: It is dash. It looks like either a B or 13U -- "your friend the old" and then that can't be read.

If you want to read into the record your version, that is all right.

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1 MR. HYLDEN: It is not a question of anybody's
2 version; it is a question of what the document says.

3 THE WITNESS: Are you asking me what did he mean
4 by that?

5 BY MS. NAUGHTON:

6 Q Who was the gringo?

7 A The gringo was Kelso.

8 Q [REDACTED] you were told, was [REDACTED]

9 A I believe he is either [REDACTED]

10 [REDACTED] I don't know which.

11 Q Moving on, I would like to ask you about some
12 incidents that occurred --

13 MR. LEON: Let me just ask a question on this
14 letter before you move on.

15 Did you get the name of the person from Senator
16 Kerry's office that supposedly wrote this?

17 THE WITNESS: I don't think so.

18 MR. LEON: Do you know if it was brought to
19 Senator Rudman's attention?

20 THE WITNESS: I don't remember. I believe the
21 stuff was sent -- actually, I don't know.

22 BY MS. NAUGHTON:

23 Q Do you know if it was ever brought to the attention
24 of the U.S. Attorney in Miami as stated in the handwriting?

25 A I don't know.

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1 MR. HYLDEN: For the record, the handwriting does
2 not state that it was brought to the U.S. Attorney's
3 attention.

4 MS. NAUGHTON: Moving on to the time period
5 around, let's say, January of 1986 and the spring of 1986,
6 did you become aware of an investigation being conducted by
7 the U.S. Attorney's Office out of Miami regarding targets
8 such as Rene Corbo and others who may have been involved in
9 activities in Central America?

10 THE WITNESS: At some point I did. I don't remember
11 the time frame, but I did become aware of an investigation.

12 BY MS. NAUGHTON:

13 Q Can you tell me how you became aware of an
14 investigation?

15 A I think it was through the newspaper. I am not
16 sure.

17 No, let me back track. You have a memo and I
18 testified to the fact that at one point when he was in Costa
19 Rica, I was there at the same time as representatives of the
20 U.S. Attorney's Office and the FBI who were involved in the
21 investigation.

22 Q We have received testimony that that was March 30
23 through April 4. Would that comport with your recollection?

24 A Without being able to look at my notes, I would
25 imagine it is.

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1 Q When the Assistant U.S. Attorney and FBI agents were
2 in Costa Rica, was that the first you had ever heard of their
3 investigation?

4 A I can't say specifically yes or no. I think so,
5 but I don't know.

6 Q From whom did you hear about the investigation?

7 MR. HYLDEN: In Costa Rica at this point --

8 THE WITNESS: I don't remember. It may have been
9 the first time when I was in Costa Rica. I may have heard
10 about it before.

11 BY MS. NAUGHTON:

12 Q I asked from whom.

13 A I can't remember who it was before and when I was
14 in Costa Rica, I believe that it was from ^{Tom} Castillo.

15 Q What if anything did Mr. Castillo tell you about
16 the investigation?

17 A I am going to throw something in here -- can we go
18 off the record for a second?

19 [Discussion off the record.]

20 THE WITNESS: I will state that I have read
21 Mr. Castillo's testimony and he says that he never talked to
22 me about it. There obviously is a difference of opinion.

23 MR. LEON: Difference of opinion or recollection?

24 THE WITNESS: Difference of recollection. As I
25 testified, I remember to the best of my recollection that he

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1 was the one who talked to me about it.

2 MS. NAUGHTON: Do you recall preparing a memo to
3 Colonel North mentioning this?

4 THE WITNESS: I had mentioned that I did prepare a
5 memo that you have a copy of.

6 BY MS. NAUGHTON:

7 Q Was that based on information received from
8 Mr. Castillo?

9 A To the best of my recollection, also from
10 conversations with John Hull, and I can't remember, but I may
11 have had conversations with the ambassador about it.

12 Q What did the ambassador tell you about it;
13 Ambassador Tambo?

14 A I would have to read over my testimony to see what I
15 said. It has been a long time since then. I will try to
16 recollect it as best I can.

17 If I remember correctly, we did talk about it, and
18 my recollection is that I think we did. He just said that
19 they were in here and they were asking questions about the
20 whole thing.

21 I can't remember whether at the time Castillo
22 was in that meeting or not, but I believe someone talked about
23 that the FBI had a chart, it had Ollie North's name at the
24 top and my name and then John Hull's name and then it had a
25 number of Nicaraguans' names. It said they were doing an

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1 investigation, a broad-based, broad-sweeping investigation
2 about the Southern Front.

3 Q Was it your understanding that this chart was a
4 chart of possible targets of the investigation?

5 A It was never discussed as to targets.

6 Q When Ambassador Tambs told you about the chart,
7 what did he tell you?

8 A I remember the ambassador obviously talked
9 to me about it because he said why don't I get

10 [REDACTED] and

11 one of the -- I think it was a representative of the U.S.
12 Attorney's Office -- said what is that, being that they were
13 not necessarily familiar with how an embassy worked.

14 So I -- as we talked, I remember his expression,
15 I remember that. I must have talked to Ambassador Tambs
16 about it.

17 Q Aside from sending the memo to Colonel North, did
18 you actually discuss this investigation with Colonel North?

19 A Other than -- I probably discussed the memo after I
20 gave it to him. Among other things, I said that if I was
21 approached by the FBI, I would not talk. I think I said it
22 may be time for me to be bowing out at some point.

23 Q Did you actually tell him that either face to
24 face or in telephonic conversation?

25 A I can't remember. We usually talked about the

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1 memos and I probably would have gone over briefly what I
2 wrote.

3 Q Did Colonel North indicate he would follow up and
4 try to monitor the investigation?

5 A No.

6 Q Did he tell you what became of the investigation?

7 A No.

8 Q After that visit by the Assistant U.S. Attorney
9 and FBI agents in early April of 1986, did you hear anything
10 more about the investigation from any source?

11 A You mean until today?

12 MR. HYLDEN: Other than in the newspaper?

13 MS. NAUGHTON: Up until November 1986.

14 MR. HYLDEN: Excluding newspapers?

15 BY MS. NAUGHTON:

16 Q Excluding public media.

17 A Not to the best of my recollection. I don't think
18 that I talked with North again about it. I don't think -- I
19 want to emphasize "think" because I can't remember. I don't
20 think so. I may have talked with some of the other people
21 who were potentially involved. I knew that it was involving
22 the one flight out of Fort Lauderdale that I have testified
23 to, but nothing jumps to my mind.

24 Q Do you know how many trips the Assistant U.S.
25 Attorney and the FBI agents took to Costa Rica?

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1 A I have no idea.

2 Q Are you just aware of the one?

3 A There may have been another. In the back of my
4 mind, maybe I think there is another, but I don't remember
5 specifically.

6 Q Did you ever meet either with the Assistant U.S.
7 Attorney or either of the FBI agents who were accompanying
8 the Assistant U.S. Attorney?

9 A I was never introduced and to the best of my
10 recollection never met them.

11 Q Did you discuss the investigation with Mr. Hull?

12 A I think that yes, we probably talked about it.

13 Q What did he tell you about the investigation?

14 A He just said that he was approached and -- as a
15 matter of fact, he and I were coming back to the States
16 together, I think, and there was some thought that we may
17 end up bumping into each other or be on the same plane --
18 he was going to come back. I didn't want to run into him.

19 Q Did Mr. Hull tell you whether or not he had agreed
20 to be interviewed by the FBI agents?

21 A I can't remember. I know that they called him up
22 to talk to him and at some point he said I think he had agreed,
23 and I think I probably may have said, "John, you don't have to
24 talk to them if you don't want to." I said, "You have to make
25 up your own mind." I know he also called someone at the

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1 embassy. I said, "I imagine if you talk to them, you better
2 have a lawyer."

3 Q Do you know with whom he spoke at the embassy?

4 A I believe someone in the counsel's office.

5 Q Was it Mr. Petulla?

6 A That would probably be the person.

7 Q Do you know whether or not Mr. Hull spoke to
8 Colonel North during that time period?

9 A Not that I know of.

10 Q Do you know whether he spoke to anyone at the
11 NSC staff during that period?

12 A I would doubt it. He didn't know anyone other than
13 North and to the best of my recollection, I think he has only
14 met North three times.

15 I can't see John Hull calling up Ollie North on
16 the phone and talking to him.

17 Q Do you know how many times Mr. Hull met with
18 Ambassador Tambs?

19 A I don't believe he ever met him.

20 Q Ever?

21 A That is right.

22 Q Did you ever discuss it with Mr. Hull?

23 A He wrote a letter to Ambassador Tambs when he first
24 arrived and eventually got a letter saying, "John, I would
25 love to meet you, but it probably is not a good idea."

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1 Q Did the ambassador explain why?

2 A John was a hot property. He is known, well known
3 in Costa Rica and it had obviously come out that he may have
4 been a CIA asset, people said that he was a CIA agent, so
5 they thought it inappropriate.

6 MR. LEON: You mean controversial?

7 THE WITNESS: Yes; controversial. Thank you.

8 BY MS. NAUGHTON:

9 Q Did Colonel North ever discuss with you Executive
10 Assistant Director of the FBI Buck Revell?

11 A No. I certainly knew that he knew him.

12 Q How did you know that?

13 A It may have come up in a conversation or at one
14 time it may have been that -- there was a discussion about
15 his working group that would meet there. I think on one
16 occasion we talked about terrorism, talked about the working
17 group that would meet on terrorism and Buck Revell was part
18 of that group.

19 Q Did Colonel North tell you he received information
20 from Mr. Revell involving ongoing criminal investigations?

21 A Not that I know of.

22 Q Were you aware of any FBI information regarding a
23 possible assassination plot by Mr. Terrell against Ambassador
24 Tambs or the President?

25 A I did hear about that. That was through Glenn

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1 Robinette. I know that ~~Glenn~~ had conversations with the
2 FBI about it.

3 Q Would that have been some time in the spring or
4 summer of 1986?

5 A That sounds right. I don't remember.

6 Q What did Mr. Robinette tell you about that?

7 A He had been talking with Mr. Terrell regarding --
8 a lot of it was regarding the -- let me back up. He was
9 trying to gain Mr. Terrell's confidence. He had several
10 conversations and meetings with Mr. Terrell, and at one point
11 he said he had found out some information, I think he had gone
12 down and talked with Ollie and Ollie had put him in touch with
13 the FBI, but conversations with Terrell or something along
14 those lines.

15 Q Did Mr. Robinette tell you he had met with the FBI?

16 A Yes.

17 Q What did he tell you about that?

18 A That he had had conversations with Jack Terrell.

19 Q Did he mention working with the FBI in investigation
20 Mr. Terrell's activities?

21 A He was very worried about working with the FBI.
22 He was concerned that someone would turn around and say that
23 Ollie had his own plumbers unit and he wanted to be sure that
24 everything was documented that he was not working for North.

25 I think that on one occasion the FBI was going to
follow him to a meeting with Terrell.

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1 Q Do you know what came of that cooperation between
2 Mr. Robinette and the FBI?

3 A I don't think it lasted very long.

4 Q Do you know why not?

5 A No.

6 Q When did you first meet Mr. Robinette?

7 A The summer of 1986.

8 Q Were you introduced by Colonel North?

9 A No.

10 Q How did you meet him?

11 A I think it may have been through Secord. I am not
12 sure. I don't think anyone was there at our initial meeting,
13 that either I was asked to call him or he called me or some-
14 thing like that. And I think I remember eventually asking
15 Ollie about Mr. Robinette, and he said, "Don't worry. He is a
16 good guy."

17 Most of my dealings with Mr. Robinette were with
18 regard to the lawsuit.

19 Q Were you aware of Mr. Robinette's involvement in
20 erecting the security fence for Colonel North?

21 A At some point I became aware of that, yes.

22 Q What did you become aware of?

23 A I knew that he was trying to help Ollie and Ollie's
24 wife. Basically he was spending more time with Ollie's wife
25 trying to reassure her. There was concern about a possible

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1 attack on the family, and that was basically it.

2 Q Did you learn this from Mr. Robinette or from
3 Colonel North or from another source?

4 A No, it was basically from Mr. Robinette. I don't
5 think I ever got into specifics with Colonel North about
6 Mr. Robinette other than asking him whether he was someone
7 that I could trust and deal with, and he said yes.

8 There may have been occasions where we talked about
9 him, but in generalities.

10 Q Did Mr. Robinette tell you who was paying for the
11 fence?

12 A No, I don't think so, unless he said Secord was,
13 but I don't remember.

14 Q If we can go back to the Miami Neutrality Act
15 investigation in the spring of 1986, when you wrote the memo
16 to Colonel North, I believe it was April 7th, describing the
17 visit of the Assistant U.S. Attorney and the FBI agents,
18 what was your purpose in writing to Colonel North about that
19 event?

20 A To keep him informed.

21 Q Why did you think he should be informed of the
22 investigation?

23 A When his name was brought up linking my name and
24 saying that -- I think at that point they may have been saying
25 that I was the one taking \$10,000 a month from Colonel North

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1 down to John Hull, that was not true and that was something
2 he should be aware of.

3 Q Did he indicate to you that any steps would be
4 taken by anyone to see that the investigation did not go any
5 further?

6 A None whatsoever.

7 Q Did anyone at the U.S. Embassy in Costa Rica
8 mention that fact?

9 A None whatsoever.

10 MR. LEON: Would that have been consistent with his
11 personality as you knew it?

12 THE WITNESS: Yes.

13 MR. HYLDEN: Would what have been consistent?

14 THE WITNESS: His not saying that something was
15 going to be done.

16 MR. LEON: In other words, from your experience in
17 dealing with Colonel North, did you have reason to think that
18 he would try to interfere with a government investigation into
19 a matter?

20 THE WITNESS: No.

21 BY MS. NAUGHTON:

22 Q What if anything do you know about Colonel North's
23 calls to Customs and the FBI after the Hasenfus plane went
24 down?

25 A I don't think I know anything about calls he made.

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1 I didn't have a lot of contact with Ollie at that time, and -
2 I am trying to think. Certainly not with the FBI and I don't
3 know whether he may have come up with a conversation with
4 Customs or not.

5 Q Do you know anything about a DC-6 that was supposed
6 loaded with narcotics bound from the United States for Centra
7 America and its being seized by Customs or the DEA?

8 MR. HYLDEN: Do you have a date?

9 BY MS. NAUGHTON:

10 Q 1985.

11 A No.

12 Q Do you know of any drug-related cases in which
13 either yourself or Colonel North cooperated with either the
14 DEA or Customs?

15 A At one time he and I had lunch and he talked about
16 a bust that took place that he was involved in. It may have
17 been the [REDACTED] -- he was involved in some capacity
18 with that regarding the Sandinistas and [REDACTED]'s involvement
19 with them and there may have been another one.

20 Q What did Colonel North tell you about his
21 involvement?

22 A I don't know whether he said what his involvement
23 was, he just talked about the case.

24 Q What did he tell you about the case?

25 A All I can remember is that there was a van, the

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7 letters

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1 stuff came in, if I remember correctly there was a house trail-
2 er or van being driven that had a flat tire. There was a
3 screwup somewhere along the line so they ended up making the
4 bust before they had planned on doing it.

5 I forget what his involvement was and it is all
6 very faded, but there was a conversation like that.

7 Q Did he mention any photographs being taken as the
8 van was being loaded?

9 A He may have. I don't remember.

10 Q Did you ever see any such photographs?

11 A No.

12 Q I want to ask about [REDACTED] when did
13 you first learn about [REDACTED]

14 A Was it [REDACTED] supposedly involved in
15 the potential coup attempt and is he [REDACTED]

16 Q [REDACTED] yes.

17 A I think I first learned about it from Chris Arcos.

18 Q Who is?

19 A Presently he is at the White House in Public
20 Liaison for Central America. At the time he was at NHAO as
21 Deputy Director.

22 Q What did he tell you about [REDACTED]

23 A He just talked about the present investigation and
24 that it was going on in Miami regarding the coup attempt or
25 an assassination -- I really was never sure about it. I also

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1 heard about it from other people.

2 Q From whom?

3 A Colonel Nester Peno and at one point Ollie and I
4 may have had a passing conversation about it.

5 Q What did Colonel North tell you about [REDACTED]
6 [REDACTED]

7 A I think his comments were something to the effect
8 that he was an old man who was getting used and he felt that
9 he was set up or he was -- he was sort of a pawn.

10 Q A pawn of whose? [REDACTED]

11 A He didn't really say. I don't remember.

12 Q Did Colonel North ever tell you what it was that
13 [REDACTED] did to assist the United States cause [REDACTED]

14 A No. He didn't -- not that I remember.

15 Q Did Colonel North ever mention to you wanting to
16 go to bat for [REDACTED] after he had been convicted
17 of plotting the assassination?

18 A He may have. I don't remember. I mean I think
19 he felt that it was an injustice that he was convicted, he
20 felt it was wrong that he was convicted.

21 Q Did Colonel North express a concern that [REDACTED]
22 [REDACTED] had been set up by someone?

23 A If I remember correctly, and I don't know whether
24 this comes from Colonel North, [REDACTED] was in one or two
25 meetings and all [REDACTED] said was huh, huh, huh. He did

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1 have a lot to say in the meeting. But he felt -- especially
2 when [REDACTED]
3 had written a letter asking that [REDACTED] be granted a --
4 I don't know whether he was pardoned or whatever.

5 Q Did you see the letter?

6 A No.

7 Q Did Colonel North tell you about it?

8 A I don't think it was he who told me about it.

9 I think it was someone else.

10 Q Do you recall who?

11 A I may have read about it in the papers or it may
12 have been Arcos or Peno.

13 Q Do you know what was done to respond to the

14 [REDACTED]
15 A I think there was a screwup and the letter was mis-
16 placed and never got where it was supposed to go.

17 Q Do you know whether Colonel North took any steps
18 after [REDACTED] was convicted to get him any sort of leniency

19 A I don't know. I don't know whether the letter
20 came before or after.

21 Q Had you ever met with [REDACTED]

22 A No.

23 Q Did you ever communicate with him in any way?

24 A No.

25 Q Do you know what he is doing now?

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1 A No.

2 Q One other area. There is a man who went by the
3 name of [REDACTED] [REDACTED] [REDACTED] who claimed to
4 be a Saudi prince who was going to donate money to the
5 contras.

6 Did you ever meet this person?

7 A No. The only thing I know about him is what I
8 heard in testimony or what I heard during the hearings.

9 Q Were you aware that Colonel North was working with
10 two DEA agents named [REDACTED] and [REDACTED] to try to locate the
11 hostages?

12 A No.

13 Q You never met either gentleman?

14 A No.

15 MS. NAUGHTON: Those are all the questions I have

16 MR. BERMINGHAM: I want to cover two areas. One
17 involves the involvement of anti-Castro Cubans in Costa Rica
18 Renee Corbo.

19 BY MR. BERMINGHAM:

20 Q Did you ever have contact with Renee Corbo?

21 A I never met him.

22 Q Did you hear from Hull or Castillo anything
23 about this Cuban group?

24 A Yes.

25 Q Could you tell us what you found out about them?

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1 A There was a concern that Renee Corbo was a maverick
2 He had become very close to [REDACTED] There was some
3 concern that he was involved in narcotics trafficking.

4 There was a move to get him disassociated from
5 [REDACTED] He also was involved in bringing a couple of
6 flights -- this is in 1985 -- bring a couple of flights from
7 [REDACTED] that was the infamous plane that Hull
8 and I and two others flew up and met and they were landing on
9 the wrong airfield.

10 He was involved in raising -- I think he raised some
11 money in Miami to help with the Southern Front.

12 Q Did he have a group of men [REDACTED]

13 A He had some Nicaraguans and there may have been
14 one or two Cubans with him. He had a camp.

15 Q Was he supported by John Hull?

16 A I don't think so. I think John certainly knew
17 about him, but felt among others that he was trouble.

18 Q Was this a C-47?

19 A No. This is the Islander. I believe it was an
20 Islander that came in.

21 Q Do you know if he was in contact with the CIA
22 [REDACTED]

23 A Tomas Castillo was very concerned about Corbo as
24 well. He was never to my knowledge involved with Castillo.
25 We were trying to find ways to get [REDACTED] to get rid of

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1 him, send him back to Miami.

2 Q What was the attitude of Colonel North with regard
3 to this Cuban group or any group that was -- I assume it was
4 not under his control, he had no control over this Cuban
5 group, right?

6 A North?

7 Q Yes.

8 A He had no control over any group that I know of.
9 I occasionally mentioned Rene in the memos. It plainly
10 mentioned that he was someone that probably -- that should b
11 thrown out [REDACTED] that it was bad for the whole
12 operation.

13 Q That was your opinion?

14 A That was the opinion of others as well.

15 Q What was North's attitude?

16 A He had other things to worry about. It probably
17 went in one ear and out the other.

18 Q Did he take any interest that this man was
19 allegedly involved in drug trafficking?

20 A Anytime that I brought up drug trafficking,
21 I think he showed a concern of some type, and afterwards he
22 would take notes. What happened after that, I don't really
23 know.

24 Q He never indicated that he reported this informat
24 to DEA?

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1 A I just assume that he did. I think at one time he
2 did say that he talked to his friend at DEA. Drugs was a
3 concern because of what we talked about earlier with Hull,
4 because of the poor reflection it would have on the
5 resistance.

6 My notes or my memos to him talked about narcotics
7 and he was concerned about it, again because of the image
8 problem and because it did damage.

9 Q In your contacts with John Hull and with contra
10 leaders, including Calero, what was their attitude about
11 these stories about drug trafficking?

12 A When I talked to Calero about it, he was concerned.
13 He thought it was bad for the image, bad for the program.
14 Hull was constantly being targetted, certainly in the Honey
15 and Avirgan suit that he was involved in narcotics trafficking,
16 and Reneo Corbo and others were involved.

17 As I stated earlier in the four years that I have
18 known John Hull, I would find it hard to believe that he was
19 or is involved in narcotics.

20 Q Did you meet with Eden Pastora?

21 A On four or five occasions.

22 Q Did you know Carol Prado?

23 A Yes. In one of my memos, I said I was concerned
24 that he was involved in drug trafficking out of Panama.

25 Q Marcos Aguado?

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25 letters
THE BOMBING AT
LA PENCA IN

1 A He was Pastora's pilot. There was concern about
2 him. [REDACTED]

3 Q After [REDACTED]
4 what happened to Pastora's planes and equipment?

5 A A couple of them ended ^{up} going ~~and~~ eventually to the
6 FDN. He had one or two -- I think there was one that crashed
7 on the Pacific Coast, another was flown into a mountain taking
8 off [REDACTED] with one of his former pilots.

9 Q Do you know of any support that Pastora and his
10 group was receiving from the United States Government via
11 CIA or North or Hull [REDACTED]

12 A No. There was a conscientious decision not to
13 support Eden Pastora.

14 Q Have you heard of Gerardo Duran?

15 A I think he may have been involved in narcotics
16 trafficking, but I don't know where that comes from. I may
17 be slandering the man [REDACTED]

18 Q What about [REDACTED]

19 A I have heard the name. And I right now can't
20 remember in what context.

21 Q He is a Cuban-American from Miami -- does (J)
22 that refresh your recollection? [REDACTED]

23 A I don't know whether it was [REDACTED]
24 there is another name, and I don't know whether it is the same
25 that was involved in the Cuban movement against Castro and

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EDEN PASTORA (GALLER)

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1 also spent some time [REDACTED] but I don't know whether
2 it is the same man. I can't remember right now.

3 Q What about Carlos Coronel?

4 A He is a Nicaraguan who was a Sandinista. He
5 came over to work with Pastora at one time and he recently
6 went back to Nicaragua. [REDACTED]

7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 Q Was he utilized by North's network?

17 A Not at all.

18 Q He received no funds as far as you know?

19 A None.

20 Q Are you familiar with the brothers Octaviano

21 Cesar -- Octaviano Cesar and Alfredo Cesar?

22 A Yes. I first met them in 1984. I have had no
23 meetings with them since then, but I certainly know who they
24 are and what they do.

25 Q Was Octaviano Cesar a member of any contra

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1 organization?

2 A In 1983 he was working with a group called Riscate,
3 which basically meant rescue the revolution, and then he
4 worked with his brother Alfredo with BOS.

5 Q Would you call Octaviano Cesar a contra leader?

6 A No.

7 Q What about his brother Alfredo? What was his
8 background?

9 A Yes, he was a Sandinista. He left in 1982.
10 He was a well-educated man, head of the Sandinista Nicaraguan
11 Bank, and now is one of the directors of the Nicaraguan
12 resistance.

13 Q What contra organization was he with?

14 A He started his own called BOS.

15 Q When would that have been?

16 A Sometime in 1984, I think.

17 Q Was he ever supported by North funds or Calero
18 funds?

19 A Not that I know of, no. He was supported, I believe
20 by the Socialists International.

21 Q Do you know of any ~~other~~ allegations concerning
22 either of these --

23 A I have heard the allegation of Octaviano Cesar,
24 I think it was 60 Minutes or 20/20 -- no, West 57th Street,
25 my favorite show, did one of those.

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1 Q Did you see the show?

2 A I think so.

3 Q The allegation was there that he funneled funds
4 from drug dealers?

5 A Right.

6 Q Do you know if North was aware of these
7 allegations?

8 A Not that I am aware of.

9 Q You never discussed it with him?

10 A No.

11 Q Did you discuss it with DEA, any DEA agents or
12 CIA officials?

13 A No. I didn't really know about Octaviano until
14 West 57th Street.

15 Q In any case, the allegation would have been after the
16 CIA investigation?

17 A As far as I know.

18 Q Do you know of any information linking Alfredo
19 Cesar with drug trafficking?

20 A No.

21 Q Is he an independently wealthy man?

22 A I don't know. I think he had some money. I
23 imagine now he is getting assistance.

24 Q Are you familiar with the name ~~Esteban~~ Guinones?

25 A No.

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1 MR. BERMINGHAM: That is all I have.

2 MR. LEON: Mr. Owen, I want to ask just two
3 questions.

4 BY MR. LEON:

5 Q This letter that you have in front of you, a copy
6 of that you have previously provided us --

7 A Yes.

8 Q Was it your impression that these were
9 allegations that Hull had heard about and that he was bringing
10 them to your attention --

11 A Yes.

12 Q -- in the hope that you might be able to have them
13 checked out?

14 A Yes, exactly.

15 Q So as to the accuracy of what is stated in this
16 letter, there were questions in your mind, in Hull's mind,
17 and other minds as to whether any of it was accurate at all?

18 A Yes. There was the thought that he may be another
19 crazy.

20 Q That who might be?

21 A Kelso.

22 Q You didn't have the time, correct me if I am wrong,
23 to conduct an investigation yourself into all these
24 allegations?

25 A Right.

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1 Q Nor did you?

2 A Right. I mean there were major concerns that
3 regarded the lawsuit.

4 Q And to the extent that you discussed it with Colonel
5 North, you were bringing it to his attention for his informa-
6 tion in the event that it might have some concerns with
7 things that he was working on as a staff member at the NSC?

8 A Certainly, and obviously if the DEA was involved
9 as the allegations were that it was wrong and that it should
10 be investigated.

11 Q From your experience in dealing with Colonel North
12 did he in fact ever tolerate any activity on the part of any
13 U.S. Government officials in narcotics running in Central
14 America?

15 A None whatsoever. Would he have tolerated it from
16 what you can tell?

17 A No.

18 Q Would he have tolerated any similar type conduct
19 by leaders of contras or members if he became aware of it?

20 A None whatsoever. He would not have condoned it,
21 accepted it or approved it.

22 MR. LEON: Thank you very much. Unless you have
23 something you want to offer in conclusion, I have no further
24 questions.

25 MR. HYLDEN: No, it has been a pleasure to be here.

(Whereupon, at 12:40 p.m., the session concluded.)

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Footnot

9/8/86

R.O. *Please pass the other documents on to [redacted] & the US attorney in Miami - Page 1 to 4 is just for your info.* August 2/8/86.

A gringo age about 28 to 30, blue eyes heavy build, 6 ft tall arrived at muelle being driven by Edgardo Alpizar. A dentist that lives on the other side of the river from John Hull.

The dentist being well known to the guards was permitted to the main house.

The dentist Alpizar said the man had been brought to his house in a [redacted] auto

With an ongoing fight with the U.S.A liberal leftist press, 2888 caws 180,000 citrus trees, two teen age children and three dogs to worry about I was not wild with joy that these people brought me one more headache.

I did agree to feed the boy, put him under armed guard, listen to his story. In retrospect this was not one of my most brilliant decisions - the story goes as follows. Name of gringo on passport was Richard Williams. However he said the pasaport was false, his real name is Joseph Robert Kelso. Born in Minn. U.S.A. working out of Denver Colorado.

[redacted] that brought him had told him he would be safe here as I could not be corrupted by drug money. This shows the disadvantage of a good reputation as no one has ever offered me any money. How do we know what my price might be?

The Richard Williams passport that belonged to Joe Kelso did have a foto of the young man who ever he is, showed immigration stamps for several European and mid East Countries. The story continues as follows.

Richard Williams recieved a call four weeks ago in Egypt to come to Costa Rica to help one Brian Childwell who had information that there was to be an attempt on the life of Oscar Arias president of Costa Rica, during his visit to Colombia. This info along with supporting tapes had been sent to Mr. Scott McDaniel, U.S. [redacted] Southcom. Alleged assassins were M.19 and [redacted]

Somewhere there is an F.B.I. file on [redacted]

Declassified/Released on 1/10/86
under provisions of E.O. 12958
J. D. Payer, National Security Council

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[redacted] are also on [redacted] payroll. [redacted] has a bank acct in Argentina, Panama and Miami and some of this can be checked with Larry Ledons (Spelling) who works for U.S.A. customs New Orleans. [redacted] of U.S.A.-D.E.A. has maps of coke lab locations in Costa Rica but is protecting them, one large lab located in southern Nicoya. Another in Talamanca region. Costa Rican people have killed the son of one Don Augusto, heavy investor in new Holiday inn, San Jose, a fellow by the name of [redacted] has contract on Augusto personally so drug people can use hotel to launder money.

Somewhere in the notes I have the name of [redacted] who is a bad ass and owns a house that the U.S.A.-D.E.A. people use to live in.

By this time I am confused, I didn't remember who I was and should I be on the side of the killers or the killees. One green passport showed a sad faced old man and said John Hull U.S.A. citizen. The other red showed a handsome smiling bastard and said John Hull Costa Rican. Since there was no bank acct to be found in Argentina, Panama or Miami I soon lost interest and called the [redacted] to come and give an expert opinion. [redacted] is a wise and prudent man so he took off to seek advice from the U.S.A. Embassy people.

Not being known for wisdom or prudence, but having just heard the U.S.A.-D.E.A. team had checked in their white hats for black ones, and remembering that my two requests from [redacted] for help had resulted in nothing being done, I decided to call the local rural guard and the local D.I.S.-Dept. internal security. By now Richard Williams was asleep in the guest cabin being guarded by our personal guards.

[redacted] of the rural guards showed up with three guards. Then the local DIS with two. [redacted] made a phone call to San Jose and was told William was very dangerous and should be shot if he resisted arrest. [redacted] called for four more guards.

Now we have 8 rural guards 2 D.I.S. with uzis, 3 Indians with 12 gauge riot guns. There is a law in Costa Rica that the police can not come on private property and arrest people from 6 p.m. to 6 a.m. so we decided Williams should sleep until 6 a.m.

[redacted] and I had a couple of beers and went to sleep while Margarita, the maid and Sandra made coffee and sandwiches for the guards and peon onlookers.

At 1:30 AM I was awakened by a burst of machine gun fire, shouts, curses, etc., and went outside to see the gringo Williams come out with his hands up only to be struck with a rifle butt and knocked down and being kicked while down. There was a big argument going on between the DIS and a rural guard [redacted] that had come over from San Jose to take charge.

The gringo was marched to the main house in his underwear and knocked down again. At this point Margarita joined forces with the D.I.S. telling the [redacted] that violence wasn't necessary. [redacted] shouted it was better to kill him than be killed. The Indian

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or his shouting at their "patrons". They were standing with their ears up and shotgun safety off like Alabama guard dogs that had been told to bite a black and couldn't decide which one.

Yours truly was doddering around trying to establish peaceful relations by saying there was surly some mistake, without telling everyone I was the one that made it. I could see enough shit, blood and bad press ink coming, to paint the house with enough left over for the corral.

Since you are in Wash. You might check these things out, if the D.E.A. people are in the drug business it should be stopped.

Anyway we are so happy the contra aid bill went thru that we're not inclined to worry too much about [redacted] coke, or crooks today.

S.O.F. called me today from Guatemala wanting to come get action shots here since the aid bill passed.

Boy do I ever get the crazies. You and [redacted] are the only sane friends I have and sometimes I worry about you.

Sincerely,

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August 18/8/86

Partially Declassified/Released on 11/16/88
under provisions of E.O. 12356
by K. Johnson, National Security Council

It is a strange world in which, I live yesterday at daybreak 10 rural guards, 1 capt. 2 majors came to the farm protect Pres. Arias + ministry of government - minister of transportation that were due to land at muelle 8 a.m.

Soon we had two choppers and three airplanes here with brass galore. The chopper put the president in Quesada, but we had 10 cars full of press security D.I.S - press people etc, one Col. head of Costa Rica air force another Col. head of rural guard north zone one - 10 Col. several majors and room full of captains.

The maid was off for mothers day so Sandra, Johnny and Margarita spent all day making sandwiches, coffee, etc. This was very good for Margarita's indigestion, when she awoke and saw all the hungry people she shit.

At first the press people got me to one side and said they would not print that they were on the farm, they wanted to protect me, from what, they didn't say.

The helicopter arrived with another when the

left the

FAN CUB - Since I didn't realize I had any, I would like to start a ~~30th~~ Washington chapter please send \$5000 and can be president.

IF YOU WANT TO START A WASHINGTON CHAPTER
PLEASE SEND \$5000 AND YOU CAN BE PRESIDENT

PS - ALVARO HAS FOUR COMPUTERS SOLD - TELL

BLONDIE - WHAT DOES ALVARO DO NOW -

AUG 18 -

TODAY SOME LOCALS THAT SHOULD KNOW TOLD ME.

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My Friend:

This brief letter is being delivered via a trusted courier who has no knowledge of the contents but who can help carry out some of what this letter is about. We should not be made aware of the specific details in this letter.

And now the best news of all:

Next week, a sum in excess of \$100K will be deposited in the usual account. While this must be husbanded carefully, it should allow us to bridge the gap between now and when the vote is taken and the funds are turned on again.

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(632)

BKS 501
12-11-75
NS

written

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2

So that we have a plan, I propose the following steps as highest priority:

The forces in the northern part of Nicaragua need to be dispersed so that they are not caught in the firestorm as the Sandinistas intend.

[REDACTED] If the high ground can be guarded, then those who harbor in those areas will be safe.

Meanwhile, the forces and volunteers who have arrived [REDACTED] can be outfitted, provided with some training, and [REDACTED]

[REDACTED] If a regular resupply program can be established using what will be deposited next week, we can start a regular logistics program of one flight every 10-15 days and the steady movement of supplies and ammunition to the forward bases.

Most important is saving the force from what I believe will be a serious effort to destroy it in the next few weeks. While I know it hurts to hide, now is the time to do it. While they are hiding, the man who is carrying this message can start the regular resupply process. I believe it would be wise to dedicate as much as \$9-10M for nothing but logistics. To coordinate a major effort such as this, I strongly urge that you bring aboard a logistics expert who is both knowledgeable and trusty. The courier should be able to help with this.

[REDACTED] Once the regular resupply system is in place and the troops familiar with a rotation system [REDACTED]

[REDACTED] hitting them hard as they phase down in frustration from their current operations and striking at selected strategic targets with your enhanced capability.

This new money will provide great flexibility we have not enjoyed to date. I would urge you to make use of some of it for my British friend and his services for special operations. I can produce him at the end of this month.

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3

[REDACTED] You and I both recognize his value and limitations.
Some in our Congress are aware [REDACTED]

[REDACTED] This could be
devastating to our forthcoming campaign to restore the funding.
I will find out how much he is getting and let you know, but it
seems as though something should be set aside for this purpose.

[REDACTED]

Request you advise me soonest regarding the deposit and destroy
this letter after reading. The map can be passed [REDACTED] with
my best wishes. Please do not in any way make anyone aware of
the deposit. Too much is becoming known by too many people. We
need to make sure that this new financing does not become known.
The Congress must believe that there continues to be an urgent
need for funding.

Warm regards,
Steelhammer

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TO: The Hammer

April 1, 1985

FROM: T.C.

SUBJECT: Southern Front

The following paper discusses a series of meetings the author has had over the last several weeks concerning the future of the Southern Front. These meetings took place in the South and in Washington. The most recent ones were held on Friday and Saturday, March 29 and 30 in Washington.

Project for Reconstruction

The Project was conceived by seven people. They are:

Partially Declassified/Released on 24 Feb 88
under provisions of E.O. 12335
by K. Johnson, National Security Council

The meeting was originally proposed and setup by [REDACTED]

About four months ago some six of the seven came to Washington, at the urging of Nat Henry, to meet with Senator Helms. They gave the Senator the attached paper and discussed their idea but they never heard another thing from the Senator or his staff. Out of desperation they came one more time hoping to meet with the Hammer.

I had met [REDACTED] during the summer of 1983 when I visited [REDACTED]. He recognized me and was glad the meeting was with someone he knew. All three realized the reasons for the meeting with me instead of with the powers that be.

The concerns of these people and who they represent are valid. They include:

- Lack of leadership in the South
- An alternative to Pastora
- Lack of coordination between several small groups now operating
- The need for a new organization to mount operations

In essence, these people are offering their services to structure and organize a new southern front.

They say they represent [REDACTED] which now consists of some 43 men under the command of [REDACTED] and another camp which is under the command of the Cubans and Calero's people. This last camp is actually under the day to day command of a Nicaraguan named [REDACTED] but overall is under the wing of [REDACTED]


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Southern Front
April 1, 1985
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Before coming to Washington, they said they had met with [REDACTED] and had talked with the Cubans in Miami who are working the other camp. The former is true, but they did not come representing the Cubans or the other camp.



They believe the time is right to begin establishing a new structure. There are many people who are financially on their last legs and if this does not come through they will have to abandon the fight, so they are in hopes something will work out.

Obviously, they hoped for an answer in the near future. I put them off and said I or someone will get back to them in the next two to three weeks.

They believe they are capable, have the leadership and the knowledge necessary to undertake this effort. Although they will operate in the south, they will stay away from Pastora and not infringe on his territory. They will work closer to the Pacific. It was stressed they would work in concert with the North.

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Southern Front
 April 1, 1985
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One last comment that they made and has been made by others: some of Pastora's field commanders are ready to join any side which will provide them with food and medicines. They have not been resupplied in at least 8 months. In fact, several of his commanders want to leave and actually aren't controlled by Pastora, he just talks with them over the radio. These include according to [REDACTED]

Others who will leave include [REDACTED] who between them have [REDACTED] men supposedly.

UPDATE APRIL 9, 1985

Sparkplug has decided to go with [REDACTED] as the military commander of the South. There will be a political/military council which will have supervisory capacity over [REDACTED]. This will be made up of:

[REDACTED] has broken down the camp that was under him [REDACTED] and thus spread the men around. He is waiting for equipment to start coming in from [REDACTED]. Moral is good and the men will start working in small teams.

The concern about [REDACTED] is that he drinks a fair amount and may surround himself with people who are in the war not only to fight, but to make money. People who are questionable because of past indiscretions include:

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These are just some of the people Sparkplug and others should be wary about.

Whatever structure is established for the South, tight control must be kept on the money and resources. In the past it has been too easy to sell goods and too many people have learned how to make a good living off of the war. Money and equipment must be accounted for and when there are differences, examples should be made.

CMA

Posey has an individual willing to outright donate between 70,000 and 80,000 lbs. of medical supplies to the effort. It is a wide assortment of goods and someone will have to look at it to see what is good and what isn't. It is now located in South Carolina.

The material can be shipped as far as Alabama by the individual who is going to donate it, but it has got to get from Alabama to New Orleans.

Flako is back in business. He has established himself in New Orleans and is working on some new scams. He is staying at the Providence Hotel. It is time someone paid him a visit and told him to go back to the hole he comes from.

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ANALYSIS, CONCLUSIONS, AND RECOMMENDATIONS
FROM THE MILITARY COMMISSION
REGARDING THE PROJECT FOR THE RECONSTRUCTION OF
THE SOUTHERN FRONT

- I. INTRODUCTION
- II. GENERAL SITUATION OF FORCES INVOLVED
- III. CONCLUSIONS
- IV. RECOMMENDATIONS
- V. FINAL

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1. INTRODUCTION

With the utmost conviction, we consider that the conception of the military struggle in Nicaragua must be covered by two big projects: THE NORTHERN PROJECT AND THE SOUTHERN PROJECT.

However, the strategy to carry out these two big projects complementarily, has had great obstacles. It is a reality that for the public opinion both projects are antagonistic. We are facing today the worst moment; even the Southern Front lacks profound contradictions that polarize it among them and they strangle it from the desired equilibrium with the Northern Front to reach a complete coordination that is indispensable to carry out a truly articulate struggle in Nicaragua that will permit us to comply with the first phase of directed coordination, indispensable step so that together with the military triumph it may germinate THE STABILITY OF THE FUTURE POWER.

Due to diverse reasons, the Northern Front has managed the consolidation of a structure that allows at a medium term to comply with the purpose of its design. It has the professionalization and the discipline necessary to start to play its role as NORTHERN PROJECT and is ready to comply with it as compensation for the SOUTHERN one.

The SOUTHERN FRONT, in the present circumstances, has not been able to even comply with the local design of military struggle and it could even less be in conditions of being a factor of complementary balance for the NORTHERN FRONT, in order for it to be the adequate counterweight, the so necessary power equilibrium for the stability of the

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future triumph.

This situation places us before the URGENT NECESSITY of putting order in the SOUTH in order to immediately start to comply with the local task of struggling. We must adequately structure it to develop the role corresponding to it as necessary balance with regards to the NORTHERN FRONT.

We have to reach a scenery in which the NORTHERN and SOUTHERN projects become complementary to each other and we can thus comply with the first stage of strategic design that we consider as the most feasible both militarily and politically.

We consider that location conditions, as well as the persons basically forming the NORTHERN project, even though politically and programmatically they are still far from perfect, have been effective strategically, with their permission of constitution with the characteristics programmed in order to comply with its role as part of a more complex whole. Thus, we are not going to take care of the NORTH right now since we consider that we have time to make certain changes and improvements while obtaining its complementation with the SOUTH.

The intent of an irregular operation having characteristics of heterodox struggle and design, prevented because of its audacity and little tangibility, adequate following of the SOUTHERN operation which is out of the control of the most acute analysts. Due to the lack of

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certain behavior and computable situations pattern, we were obliged to deposit all our efforts in luck or in the best case to trust. In this situation, almost experimental, obviously everything overflowed its trench, and what we have managed are disorganized pieces of a puzzle that new hands must organize taking advantage of the experience accumulated. The pieces are there. Nothing is new. We only have to follow the indications of the experience accumulated on operation and persons.

The location conditions of the SOUTHERN project are much more complex and out of control that may permit an operation coherently directed, but with more emphasis, due to the characteristics of the main leaders. The legitimacy and trajectory of these leaders allowed them in time such an independence that even the forming of such a heterodox operation resulted in the project itself taking a course of ups and downs and incoherences that obliged even its programmers to make certain stops to review the convenience of the operation.

The degree of crisis, especially with its main leader, led to an almost complete break between the main leaders and the programmers.

It seems that the programmers arrived at the definite conclusion that the risks to which the global operation was being submitted were so immense, that it was preferable to dispense with the project's "indispensability", rather than to continue risking time running against the clock. Such a decision was hard not only for the main leader, but it also debilitated greatly the secondary actors, the entire SOUTH, and even the global project.

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Having to face this type of situation, left people armed and dispersed in the mountains, without any resources, with resentments because they felt abandoned by their allies, with empty stomachs, and what is more serious, without having clear in their minds WHO their enemy really is. Conditions allowed, unfortunately, that secondary actors were presented as responsible for such a tragedy and without authority nor resources to face it. Even so, there were people who faced it, and these are the ones who today are proposing restructuring and regeneration of the SOUTHERN front.

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UNCLASSIFIED**II. GENERAL SITUATION OF FORCES INVOLVED****A. F.S.L.N. ARMED FORCES**

The organizations comprising the Armed Forces of the "Frente Sandinista de Liberación Nacional" have developed under the direction of consultants from various communist countries, but it has been Cuban militaries and technicians the ones who have assumed the preparation and indoctrination of the combatants, as well as carried out the war's strategy.

The important organizations and units are as follows:

- The Internationalists
- The E.P.S. (Ejército Popular Sandinista - Popular Sandinist Army)
- The Popular Militias
- The Forces of the Ministry of the Interior:
 - State Security
 - Urbane Sandinist Police
 - Frontier Guard Police
 - Patriotic Military Service, and
- Units supporting combat that deserve special consideration:
 - Air Force
 - Armored Force
 - Artillery
 - Coast Guard

- APPROXIMATE NUMBER OF EFFECTIVES:

ONE HUNDRED TWENTY THOUSAND MEN

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B. FRIENDLY FORCES: THE F.D.N. (NORTHERN FRONT)

Constituted at the end of 1981, it developed during the first two years a sporadic frontier war with no significant accomplishments. In 1984, it started a deep and on stant vexation campaign against Nicaragua's Northern Departments, thus obliging the F.S.L.N. to engage great quantities of human and logistic resources.

Even if it has been this organization the one that has carried the war's continuity and weight, it has not been able to politically capitalize the efforts of its combatants, due to the negative shadow that has been projected over its bodies of greater hierarchy for some reason or another.

APPROXIMATE NUMBER OF COMBATANTS:

FROM EIGHT TO TEN THOUSAND MEN.

THE SOUTHERN FRONT:

Formed in April 1982, this group awakened at the beginning a series of expectations and hopes, because of the prestige of its leaders and intermediate bodies, which are mostly ex-combatants against the Somoza regime and old Sandinists with a clear democratic orientation.

The mesianic character of its most relevant leader Commander Eden

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Pastora Gomes, its personalist conception of the military strategy, of its policies and administration, added to the permanent negative of accepting all types of proposals for coordination with the Northern Front, incited the gradual desertion of its most capable collaborators, and it ended up dividing the Southern Front's original project.

Once this crisis was incited within the original ARDE, Commander Pastora continued committing errors continuously in the carrying out of his own project, errors which led him to completely lose the support of the international community and to reduce almost to extinction his men's fighting capacity.

At the present time, there are between four and five thousand men who are suffering all sorts of penuries, scarcities, and calamities in the Southern Zelaya area, and are exposed to a fruitless sacrifice as a result of any offensive operations on the part of the F.S.I.N..

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UNCLASSIFIED**III. CONCLUSIONS**

A. The evolution of NICARAGUA's case, political events and the not too clear attitude of the North American Government in the conversations of Manzanillo, lead us to conclude that at the present time there are two possible solutions in our allies' computers:

1. NEGOTIATION, with the Sandinist Front through the "Terceeristas" presently in power, which in our opinion would only secure the communist and totalitarian dictatorship, since the real "Terceeristas", with clear, democratic ideals are living in exile since they were betrayed just like all nicaraguans who fought against Somoza's family dictatorship.
2. RADICAL ELIMINATION OF THE SANDINIST FRONT through a military operation which would have F.D.N. as the spear's edge and which would count with the support of the Central American countries that are being directly threatened by the intrinsic expansionism of Nicaragua's Marxist-Lenninist Revolution.

This operation, which would need approval from the Organization of American States and of the Western World's International Social-Democratic, Christian-Democratic, and Liberal organizations, would also need internal supports that could make more tolerable a consolidation period that would virtually rest in a military intervention. We are glimpsing to perform this role the F.D.N.'s sectors less committed with Somocism, leaders from the "histori-

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cal parallels" that still dream with old positions and the Southern Front's elements that accept the necessary conditions.

As complementary frame to the entire project, that apparently counts with the United States bipartisan approval, would be the element we call THE FUTURE'S DEMOCRATIC RESERVE, that is synthetically represented by persons of undisputable prestige, both inside and outside Nicaragua, and which will be called to participate in a third stage, as promoters for the restitution of a legitimately constituted government.

This commission considers the elimination of the SOUTHERN FRONT a mistake and esteems that the existence of a Southern Military Force is indispensable not only for a faster fall of Managua's regime, but also to guarantee the Nicaraguan people an orderly transition and without violent revenge. This guarantee will come from those men who, with a clean and fighting trajectory against both dictatorships, will provide the present combatants with a real alternative in the face of the confusion in which they are presently caught.

- B. The comparative analysis of the Forces in conflict clearly reveals a substantial advantage on the part of the F.S.L.N., especially in as far as men, offensive capacity of its supporting arms and especially in the illimited logistic capacity that its allies in the Communist orbit have at their disposal.

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However, we must take into consideration that no tyranny has been able to subdue with bayonets the people who have decided to be free and in the case of NICARAGUA, the germ of insurrection is now clearly visible.

Misery and real hunger, as the product of an incapable administration, repressions, and continuous violation of human rights have conformed a pre-insurrectional climate, that can well become a generalized uprising, IF A COMPACT EXILE intelligently directed offers a real position of change to the Nicaraguan people.

- C. After three years, it has been demonstrated that Eden Pastora is not only not capable of agglutinating, but is on the contrary a "Solitary Wolf" that destroys whatever means organisation and unity.
- D. After three years it has been demonstrated that the F.D.N. in the North, in spite of great legitimate sacrifice of its combatants, due to its past, does not acquire "legitimacy" before the world, which is the factor that is indispensable for the stability that Nicaragua's future requires.
- E. It is then with real urgency that all elements having true prestige must "join hands" due to the investiture that their trajectory gives them, in order to be able to realize the unity, unity which at the present time is being obstaculized by the fear of the two groups rivalizing for hegemony, thus producing the opposite effect.

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This can only be neutralized by a new political-military ingredient, that just like the one we are proposing, places in evidence what in our opinion constitutes maybe the last real, legitimate, and acceptable possibility: that it be us, nicaraguans, the ones to decide our future.

IV RECOMMENDATIONS

- A. To maintain and technify the Southern Military Force, which should operate in total coordination with the F.D.N. in the Northern Front, and eliminate, once and for all, all projects of parallel forces in the same region.

To this effect, our allies must make a definite decision that can be summarized as follows:

Revitalize at the present moment the P.R.S. from its worst crisis, or conform a different structure with the existing political-military troops and militia professionals who have indicated their willingness to incorporate themselves to a clear and coherent project.

In our opinion, Commander Pastora's retreat from the armed struggle will not cause a power void, since it has been his presence what has maintained until today a permanent void of real leadership.

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- B. We consider that the Southern Military Forces' main mission should be that of creating small units with sufficient mobility and fighting capacity to lead the war towards the Pacific cities. Total number, arms required, and operative norms will be discussed once all these recommendations are approved.

V CONCLUSION

Most of the members of this Commission have struggled against F.S.L.N.'s totalitarian dictatorship from the moment it betrayed the ideals and sacrifices of our Nicaraguan brothers.

We have backed combat and the positions adopted by Commander Pastore until we thought these were oriented towards Nicaragua's liberation. However, in the face of the juncture we are in of deciding between Nicaragua and Commander Pastore, we have made the decision which corresponds to sensible men with ideals of PATRIOTISM.

We clearly establish that we have not supported nor sponsored any type of rapprochement with the Sandinist Front. We have not approved, either, trips on the part of delegates to have conversations with the Sandinist Front in Nicaragua.

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Our final position in this struggle continues to be of supporting the ambitious dreams of our people of ridding dictatorships, whatever their ideology is, and before becoming rescuers for a new and more painful version of Pig's Bay, we declare before the free countries of the world that we reserve the right of deciding on our own the future of our Country.

November 20, 1984, San Jose, Costa Rica.

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION**UNCLASSIFIED**DEPOSITION OF RICHARD M. PENA**UNCLASSIFIED**

Washington, D. C.

Monday, May 4, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF RICHARD M. PENA

Washington, D. C.

Monday, May 4, 1987

Deposition of RICHARD M. PENA, called for examination pursuant to subpoena, at the offices of the Senate Select Committee, Suite 901, Hart Senate Office Building, at 10:25 a.m. before WENDY S. COX, a Notary Public within and for the District of Columbia, when were present:

W. THOMAS MCGOUGH, JR., ESQ.
Associate Special Counsel
United States Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition

THOMAS FRYMAN, ESQ.
Staff Counsel
KENNETH R. BUCK, ESQ.
Assistant Minority Counsel
United States House of
Representatives Select
Committee to Investigate
Covert Arms Transactions with Iran

JOSEPH B. TOMPKINS, JR., ESQ.
Sidley & Austin
Washington, D. C. 20006
On behalf of the Deponent.

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Portland, Dec. 1, 1987. Ind. in 12-1-87
 Under pro. of E.O. 12958
 By R. A. ... Security Council

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C O N T E N T SWITNESSEXAMINATION

Richard M. Pena

by Mr. McGough
by Mr. Tompkins6
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PROCEEDINGS

MR. MC GOUGH: For the record, this is the deposition of Richard Pena, pursuant to a subpoena issued by the Senate Select Committee on the Iran-Contra matter. We are present here today jointly with the representatives of the House Select Committee. I am Tom McGough. I am the associate counsel with the Senate Select Committee. Ken Buck and Tom Fryman are with the House Select Committee. Before we put the witness under oath, Mr. Tompkins, do you have anything that you want to put on the record?

MR. TOMPKINS: Yes, just a few preliminary matters. I just want to make it clear for the record that Mr. Pena is here to cooperate with the investigation, but that by appearing here today he is not waiving any legal rights or privileges he may have with respect to this or any other investigation or legal proceeding.

The second point is, I understand we will have a chance to review the transcript of today, which we will do. We would like to have a request on the record that we receive a copy of the transcript. My understanding is that the Committee, at least the Senate Committee, has a policy at this point of not releasing the transcript. We want to have

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1 a request outstanding to get the transcript, should that
2 policy change.

3 The third thing is, I would like for one of the
4 counsel to state on the record the nature of the
5 confidentiality of this deposition, and how the transcript
6 will be protected from public disclosure.

7 MR. MC GOUGH: I can take care of that for the
8 Senate Committee and perhaps defer to Tom on the House. The
9 Senate rules provide that the transcript of this deposition
10 and the documents submitted in accordance with the subpoenas
11 are maintained as confidential Committee records. They are
12 maintained in files marked "Committee sensitive." They will
13 not be revealed outside the context of the Committee absent a
14 majority vote of the Committee itself. Neither the
15 transcript nor information contained in the transcript.

16 MR. FRYMAN: Under the House rules, the
17 transcripts of the deposition and materials produced in
18 response to the subpoena are treated as confidential
19 materials, and they are not publicly available.

20 I would also note for the record that there has
21 been a House subpoena also served, and the witness is
22 appearing here today pursuant to the House subpoena as well

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1 as the Senate subpoena.

2 MR. MC GOUGH: With that in mind, Mr. Pena, I am
3 going to ask you some questions after we put you under oath.
4 If at any point you don't understand a question or you want
5 some clarification, just stop me and I will try to make it as
6 clear for you as I can.

7 MR. TOMPKINS: Before you do that, can I ask one
8 other question.

9 MR. MC GOUGH: Sure.

10 MR. TOMPKINS: Am I right, when you ^{have} had finished
11 your questioning, if I would like to ask Mr. Pena some
12 questions, I will be able to do that?

13 MR. MC GOUGH: Yes, you may, that's fine.

14 MR. TOMPKINS: Thank you.

15 MR. MC GOUGH: Actually, I will finish my
16 questions, Ken and Tom may have some questions. If you have
17 anything you would like to clarify, please feel free. Would
18 the reporter please swear the witness, please.
19 Whereupon,

20 RICHARD PENA

21 was called as a witness and, having first been duly sworn,
22 was examined and testified as follows:

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EXAMINATION

BY MR. MC GOUGH:

Q Mr. Pena, I am going to show you what has been marked as Deposition Exhibit 1. I will provide a copy to you and your counsel. It's a subpoena from the Senate Select Committee requiring your appearance on May 4, 10:00 a.m., has attached to it a list of documents or a list of documents which we request that you bring.

(Pena Exhibit 1 identified.)

MR. MC GOUGH: As I understand it, I believe, Mr. Tompkins, I believe you accepted service of this subpoena for Mr. Pena. I am not sure exactly how it was served.

MR. TOMPKINS: That's correct.

MR. MC GOUGH: Let the record reflect that last week we received via Mr. Tompkins documents in compliance with this subpoena, as well as in compliance with an earlier subpoena issued to Cassidy & Associates, custodian of record, which I will have marked as Deposition Exhibit 2.

(Pena Exhibit 2 identified.)

BY MR. MC GOUGH:

Q Mr. Pena, to the best of your knowledge, have you produced to the Committee the documents responsive to this

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1 subpoena in accordance with the letter from Mr. Tompkins to
2 the Committee that accompanied the documents?

3 A Yes.

4 Q Could you tell me your educational background,
5 please.

6 A B.A., Pan American University.

7 Q I am sorry, what university?

8 A B.A., Pan American University, Edinburg, Texas.

9 Q What year was that?

10 A '78. Attended graduate school at American
11 University from 1980 through 1984.

12 Q What did you study at American?

13 A I was working on a Ph.D. in international
14 business.

15 Q Were you a full-time student or were you also
16 employed?

17 A Part-time student.

18 Q Where were you employed, let's begin 1978, where
19 were you employed --

20 A I was ~~on unemployment~~ ^{not unemployed} in '78, I worked for my
21 family. I came to Washington in 1979, went to work for the
22 House of Representatives, the doorkeeper's office. I went to

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1 work for the sergeant at arms office in March -- April of
2 1980, and worked for the foreign affairs Committee August of
3 '82 through October of '85.

4 Q Where were you employed after October of '85?

5 A Cassidy & Associates.

6 Q What is Cassidy & Associates?

7 A It's a government relations consulting firm.

8 Q Where are its offices?

9 A 655 15th Street Northwest, Suite 1100, Washington,
10 D.C.

11 Q What is your business telephone number?

12 A 347-0773, area code is 202.

13 Q What is your home address?

14 A [REDACTED]

15 Q Your date of birth?

16 A [REDACTED]

17 Q Your Social Security Number.

18 A [REDACTED]

19 Q What is your official position with Cassidy &
20 Associates?

21 A I am an associate.

22 Q Can you give me just general description of your

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1 job, your work for them?

2 A We are a government relations consulting firm, a
3 lobbying firm.

4 Q Do you specialize in any particular areas for
5 Cassidy & Associates?

6 A Foreign aid, foreign policy, international trade.

7 Q How many associates are there at Cassidy &
8 Associates?

9 A There are seven of us -- eight of us maybe --
10 yes.

11 Q Gerry Cassidy, is that the Cassidy of Cassidy &
12 associates?

13 A Yes.

14 Q Mr. Pena, I want to direct your attention to
15 approximately early 1986, and ask you if at or about that
16 time you came into contact or had any contact with Richard
17 Miller of International Business Communications?

18 A Yes.

19 Q How long have you known Mr. Miller?

20 A I am not certain. I met him when I worked on the
21 Hill. Could have been sometime in 1984.

22 Q When you met him, was he then affiliated with

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1 International Business Communications?

2 A Yes.

3 Q Did there come a time when Mr. Miller -- when you
4 began to explore the possibility of working with Mr. Miller
5 in a government consulting role, that is a role, a lobbying
6 role or a public relations role, when Cassidy & Associates
7 began to explore that possibility, I should say?

8 A When?

9 Q Yes.

10 A It was late January or early February, 1986.

11 Q Can you tell me how that opportunity presented
12 itself or how that came about?

13 A He called me and asked me if I would be interested
14 in representing a group, I didn't remember if he gave me the
15 group's name or not, who would be working for the \$100
16 million aid to the democratic resistance forces.

17 Q Did you follow up on that?

18 A Yes.

19 Q Did you ultimately find out who that group was
20 that was working on that aid package?

21 A Yes.

22 Q Who was that?

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1 A National Endowment for Preservation of Liberty.

2 Q In the course of following up on that, did you
3 come into contact with a man by the name of Carl Channell?

4 A Yes.

5 Q Can you tell me who at Cassidy & Associates was
6 involved in the contacts with them, National Endowment for
7 the Preservation of Liberty?

8 A For the lobbying in \$100 million in aid?

9 Q Yes, that's right.

10 A Myself and Gerry Cassidy.

11 Q What did Miller or Channell or NEPL ask you to do
12 or propose to do?

13 A They asked me to assist them in securing the \$100
14 million in aid by lobbying the Congress.

15 Q Did Cassidy & Associates ultimately consummate an
16 agreement with them to assist in that regard?

17 A No.

18 Q Pardon me?

19 A No.

20 Q Why not?

21 A We didn't come to an agreement on what had to be
22 done, on the terms of how we felt the contract that we would

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1 ask them to be signed with us should be fashioned.

2 Q Can you recall what the disagreement over terms
3 was?

4 A I mentioned the fee was one, and who would develop
5 the correct strategy for the ultimate \$100 -- developmental
6 strategy for the \$100 million. Those two issues.

7 Q When did the negotiations cease?

8 A March, April, sometime in there.

9 Q Did you continue to have contact with Mr. Miller
10 after that time?

11 A Yes.

12 Q Do you see Mr. Miller purely on a professional
13 basis, or do you also see him on a social basis as well?

14 A Well, it's hard to differentiate, because I have
15 seen him at receptions that we have been invited to. I don't
16 know if you consider that social or not. But I dealt with
17 him on a professional basis, mainly.

18 Q Did there come a time when you proposed or
19 contacted or spoke to Mr. Miller about the possibility of one
20 of your clients providing armaments to the democratic
21 resistance forces in Nicaragua?

22 A Yes.

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1 Q Could you tell me how that came about?

2 MR. TOMPKINS: Just for clarification, the
3 question was one of your clients, meaning a client of
4 Mr. Pena?

5 MR. MC GOUGH: Granted there's an ambiguity in
6 there. We can follow up on that. If we can identify the
7 client, we will ask him who the client was.

8 MR. TOMPKINS: The problem is I am not sure it was
9 a client. It was a firm, but he can clarify that if you give
10 him a chance.

11 MR. MC GOUGH: All right, sure.

12 BY MR. MC GOUGH:

13 Q Can you tell me how that came about?

14 A What, what Joe just talked about or --

15 Q How the proposal that you made to Miller came
16 about.

17 A We were at a reception for the democratic
18 resistance forces, I think right after they had -- during the
19 time or right after they had received the \$100 million vote
20 in the House, which is the most critical vote. It had not
21 been appropriated -- it would have been appropriated in the
22 CR, and in a conversation that I had with him at that

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1 reception, I talked to him about the possibility of having
2 the democratic resistance forces purchase military hardware.

3 Q Why did you talk to Miller about that?

4 A I felt that what I had seen of Miller, in working
5 with the group, he seemed to have had a very good working
6 relationship with them.

7 Q With whom?

8 A With the democratic resistance forces.

9 Q Had you ever discussed with Mr. Miller, prior to
10 that reception, where the Contras were purchasing their
11 weapons or how they were purchasing their weapons?

12 A No.

13 Q Did you have any reason to believe that his
14 contact with the Contras was anything more than a public
15 relations contact?

16 A Not at that time.

17 Q Did you come to an understanding -- did you come
18 to a different understanding at a later time?

19 A After I read it in the newspaper.

20 Q Tell me as best you can recollect how the
21 conversation between you and Mr. Miller proceeded at that
22 reception.

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1 A I had mentioned to him that \$70 million of aid,
2 military aid, would go very quickly, would be quickly
3 consumed, if it was purchased at U.S. military rates, and
4 that there were other suppliers who could supply the same
5 type of equipment that was needed for much less.

6 Q What did he say?

7 A He was very interested in it. He asked me to
8 follow up, that he wanted to talk about it. He would let me
9 know if something could be done.

10 Q All right. How did you leave it at that
11 reception? Who was to do what?

12 A I think he called me back and asked for a letter
13 to be sent with names and telexes and a list of what was
14 available.

15 Q Did you, in fact, send them the letter?

16 A Yes.

17 Q Between the time you first broached this with
18 Mr. Miller at the reception, and the time you ultimately sent
19 that letter, you have identified a telephone call from
20 Mr. Miller. Did you have any -- to the best of your
21 recollection, did you have any other conversations or
22 correspondence with him regarding that deal?

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1 A We may have talked about it once after I sent him
2 the letter, in conjunction with other things we were talking
3 about. As a follow-up, that I mentioned, I asked about it.
4 I never heard anything else from him.

5 Q What was your understanding of what Mr. Miller
6 would do with the information provided to him?

7 A He told me that he would talk to the right people
8 in the administration.

9 Q Are those his words?

10 A No, I am paraphrasing. He said he would discuss
11 this issue with the people in administration who were
12 involved, and the logistics of the military assistance
13 program for the Contras.

14 Q Did he specify those people any further?

15 A No.

16 Q Did he indicate how he should be compensated for
17 that?

18 A There was -- the letter I sent, there was a spread
19 on what the manufacturers would charge for the material, and
20 what we would earn on it.

21 Q You say "what we." "We" is whom?

22 A Myself and Richard Miller.

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1 Q Let me go back and clarify a point Mr. Tompkins
2 raised earlier. In pursuing this transaction with
3 Mr. Miller, were you acting as an employee of Cassidy &
4 Associates or were you acting in your personal capacity?

5 A I would have to say that I saw a business
6 opportunity that was related to a group of people that I had
7 known in Chile and in Uruguay. That if I would have been
8 helpful to them in bringing them business, it would be
9 helpful for me in the future to do other work for them. I
10 was working on this with the Chileans and Ur^uguayans, by *pm*
11 myself, and what I know of them, and the personal
12 relationship I have with both groups.

13 Q I guess my question is, I am trying to break down
14 -- there would be a commission on these sales, is that fair
15 to say?

16 A Sure, it was a business proposition.

17 Q Would the commission be payable -- would any part
18 of that commission be payable to Cassidy & Associates, or
19 would the commission --

20 A No.

21 Q No portion of it would have been payable?

22 A It would have been paid to me.

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1 Q Was there an understanding with Mr. Miller that a
2 part of that commission would be shared with him?

3 A Yes.

4 Q How did that understanding come about?

5 A He asked me for it. We discussed the possibility
6 of supplying military hardware. He asked me who, how, if
7 these people were credible and if there was a commission.

8 Q I just want the record to be clear. Was he the
9 first person to raise the possibility of a commission to him
10 for the sales? If you recall.

11 MR. TOMPKINS: That question is kind of
12 ambiguous.

13 THE WITNESS: I don't understand.

14 MR. MC GOUGH: Let me see if I can clarify it.

15 MR. TOMPKINS: Restate it.

16 MR. MC GOUGH: Yes.

17 BY MR. MC GOUGH:

18 Q I think the implication from the series of
19 questions before that was that Mr. Miller initiated the idea
20 of him, Mr. Miller, receiving a commission for his
21 activities. I just want -- I want to see if you can
22 recollect that, I want that to be clear in the record. If

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1 not, then, it ought to be qualified.

2 Do you know who initiated the idea of Mr. Miller
3 receiving commission for the services he might render?

4 MR. TOMPKINS: The question goes as to between
5 Mr. Miller and Mr. Pena, who initiated the idea of a
6 commission for Miller?

7 MR. MC GOUGH: Correct, that's right.

8 THE WITNESS: What I remember of the conversation,
9 at the reception, was that this could be arranged with a
10 weapons manufacturer, and from that there was, obviously
11 there was going to be a commission involved.

12 Now, I think it was obvious to both of us that
13 there was a commission, and that he would want a part of it.
14 If that's what you are asking me.

15 BY MR. MC GOUGH:

16 Q That's pretty much what I am asking. I just want
17 to specify whether you have a specific recollection that he
18 initiated the idea of a commission or not.

19 A I can't remember if he initiated it. But I think,
20 again, that it was something, that there was a business
21 proposition, where profit was the motive, and that he wanted
22 to share in the profit.

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1 Q Did he indicate at some time to you what corporate
2 entity he wanted to act through in order to consummate this
3 sale?

4 A Yes. He gave me a name of a group that was an
5 offshore group.

6 Q Did you find that unusual?

7 MR. TOMPKINS: What unusual? I just wanted
8 clarification about what the question went to, what was
9 unusual. If you could restate it.

10 MR. MC GOUGH: Sure.

11 BY MR. MC GOUGH:

12 Q My question is, did you find it unusual that he
13 wanted you to put the deal through an offshore group?

14 A I may at the time, I don't remember.

15 Q Did you ask him anything about the entity he gave
16 you?

17 A I am sure I did. I probably asked him, who is
18 this. I don't remember exactly what I asked him.

19 Q Did he ask you not to use his name or
20 International Business Communications' name?

21 A Again, I don't remember. He may have, but I don't
22 remember.

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1 Q What, if anything, happened as a result of your
2 contact with Mr. Miller and this proposal? What happened to
3 the proposal ultimately?

4 A Nothing.

5 Q Did you ever follow up with Mr. Miller about that
6 proposal after you sent him the list?

7 A As I mentioned earlier, I did. When I talked to
8 him on the telephone about something, I asked him where we
9 were at with the proposal.

10 Q What did he say, if you recall?

11 A He was looking into it -- he didn't say no. I
12 don't remember exactly what he said.

13 Q After that one attempt to follow up, did you
14 follow up again with it?

15 A I may have. I may have, because we talked on the
16 telephone. I may have asked him. I may have asked him
17 several times, but I don't remember. I mean, I talked to him
18 on the phone several times.

19 Q Have you had any -- did you have any other
20 occasions to communicate on a professional level with
21 Mr. Miller other than the NEPL proposal and this proposal to
22 sell arms or to sell arms to the Contras? I mean, do you

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1 have any other deals or business relations with him?

2 A We discussed, with the National Endowment for
3 Preservation of Liberty, an SDI project. We discussed with
4 IBC a foreign aid project for international banks.

5 We may have had a discussion ^{About} ~~with~~ the government
6 of Panama, again related to foreign aid.

7 Q Let's see if we can put a time frame on any of
8 these. The SDI discussions, do you recall when that would
9 have been?

10 A That would have been through National Endowment
11 for Preservation of Liberty, would have been some time after
12 we talked to them about the resistance group. I don't
13 remember; March, April.

14 Q All right.

15 A Then, after that, it was IBC with the banks, that
16 would have been summer, fall, and then the discussion with
17 Panama would have been late fall, early winter, '86.

18 Q First of all, let's identify the entities that
19 were going to supply the arms, according to your proposal.
20 You mentioned Chile. What was the name of the company in
21 Chile?

22 A Industrias Cardoen.

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1 Q Might have to spell that for the reporter. And
2 the other company was what?

3 ~~Monte-Paz in Uruguay.~~

4 MR. TOMPKINS: Did the question go to entities
5 that were going to supply weapons, did you say?

6 MR. MC GOUGH: If I did, what I want to do is
7 restate it to include the companies involved in the
8 transaction proposed to Mr. Miller. I think that's probably
9 a little more accurate.

10 BY MR. MC GOUGH:

11 Q To your knowledge, did either Cardoen or Monte-Paz
12 actually sell any materials to the Contras?

13 A No.

14 Q Mr. Pena, let me take you through some of the
15 documents that have been supplied to us pursuant to the
16 subpoena. Some of them, as you know, are in Spanish. I am
17 going to ask you, if you could, to give us some
18 translations. But some are also in English, which we ought
19 to be able to do fairly expeditiously. Let's have this
20 marked as Deposition Exhibit 3.

21 (Pena Exhibit 3 identified.)

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1 BY MR. MC GOUGH:

2 Q Do you recognize this exhibit?

3 A Yes.

4 Q What is it?

5 A It's a memo to Gerry Cassidy from my legislative
6 assistant, letting him know that I was in Chile, talking to
7 Cardoen about the development of their attack helicopter for
8 Third World use.

9 Q How long have you had a relationship with Cardoen
10 in reference to this? I mean, if this memorandum helps you
11 place the date?

12 A I met the Cardoen people who run Cardoen socially
13 several years ago, I guess in '84 somewhere, I was playing
14 polo in Chile, and met them at that time.

15 Q When did you first approach them about engaging in
16 a business transaction?

17 A Probably April 16. In April of '86, when I was in
18 Chile.

19 Q So this memorandum appears to be written at
20 approximately the time that you first began business dealings
21 with Cardoen?

22 A Yes.

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1 Q I notice there that it refers to helicopters.

2 A Yes.

3 Q Your ultimate proposal to Mr. Miller involved
4 other armaments, other than helicopters. Can you tell me
5 when you began to discuss with Cardoen the possibility of
6 supplying small arms or that sort of thing to the Contras?

7 A That's two different things.

8 MR. TOMPKINS: May we go off the record?

9 MR. MC GOUGH: Yes.

10 (Discussion off the record.)

11 THE WITNESS: Let me see if I can put this in the
12 correct context. This is a separate issue from the small
13 arms.

14 BY MR. MC GOUGH:

15 Q I understand that. I guess what I am saying is
16 what I want to get is the evolution of the relationship.

17 A Let me give you an idea of what Cardoen is.

18 Q All right.

19 A Cardoen is a major weapons producer, Third World
20 weapons producer. It is currently developing an attack
21 helicopter for the Third World. I had talked to them about
22 the development of this helicopter for use in Central

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1 America, which they were very aware of. They knew that it
2 was going to be impossible to spend research and development
3 funds on that helicopter and then sell it to Central American
4 countries, African countries, Middle Eastern countries, and
5 be able to recoup their expense. So they asked me if there
6 was a way to have the U.S. military establishment purchase
7 the helicopter for the Army for ^{their} then use in the military *Temp*
8 assistance program or the FMS program, which is foreign
9 military sales. That's what this was about.

10 Q All right.

11 A At the same time, Cardoen is a major -- probably
12 the second largest producer of cluster bombs, hand grenades,
13 Claymore mines. It produces tanks, wheel tanks, on-track
14 tanks, wheel tanks, produces some small ammunitions for 5.56
15 and 7.62 rounds.

16 Q Going back to my question, was it on this initial
17 trip to Chile that you discussed with Cardoen not only the
18 helicopter deal but also the provision of smaller arms -- of
19 the other types of armaments?

20 A No.

21 Q How did that evolve?

22 A During the summer of '86, when the authorization

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1 and the Intelligence Act was passed, and the \$100 million was
2 available, after that I sent [REDACTED] a telex asking him
3 what he thought of their ability to supply military weapons
4 for the democratic resistance forces.

5 Q Who is Mr. Sommers?

6 A He is their marketing manager, international
7 marketing manager.

8 MR. MC GOUGH: Let's have this marked as Exhibit
9 2, if we do -- I am sorry, Exhibit 4.

10 (Pena Exhibit 4 identified.)

11 BY MR. MC GOUGH:

12 Q I apologize for the copy, but it's pretty accurate
13 from the copy we received. This appears to be a telex dated
14 on or about June 9 of '86 from you to Mr. Sommers; is that
15 fair to say?

16 A Uh-huh.

17 Q Can you tell me, this is the one that we have not
18 been able to read with any certainty, but can you tell me
19 what this regarded?

20 A That telex is in reaction to this, that when the
21 Cardoen people and I started discussions, I said I would look
22 into the MAP and FMS programs to see if there was an

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1 opportunity to develop a strategy that could be implemented
2 in Congress for the authorization of appropriations of funds
3 for the purchase of Third World attack helicopters as they
4 were developing.

5 Q Might be a little bit time-consuming, but I think
6 it's worth doing. Could you give us a translation of each of
7 the three paragraphs?

8 A I can't read it. It's basically saying thank you
9 very much for the meeting we had. Second paragraph is
10 basically looking into the defense -- our U.S. military
11 defense groups to see what is competitive in helicopters; and
12 the third paragraph is Cardoen could probably be a supplier
13 of Third World military hardware if we could develop the
14 strategy for that end.

15 MR. MC GOUGH: This is Exhibit 5.

16 (Pena Exhibit 5 identified.)

17 BY MR. MC GOUGH:

18 Q Could you identify what has been marked as
19 Deposition Exhibit 5, please.

20 A It's another telex to Luis Sommers from myself
21 informing him that the House of Representatives had approved
22 the \$100 million in aid to the democratic resistance forces,

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1 of which \$70 million would be used for military assistance.

2 Q It includes certain priorities, does it not, as
3 to --

4 A What, at that time, was considered priorities by
5 the administration.

6 Q What were those priorities?

7 A ~~Shoulder-fired missiles~~, RPG-7, grenade launchers,
8 rifles, grenades, radios.

9 Q What was your source for the administration's
10 priorities regarding armaments?

11 A The Washington Post and the New York Times.

12 Q At the time you drafted this telex, had you had
13 any direct contact with the Contras or with Mr. Miller
14 regarding this issue?

15 A It was all in the same time frame. I don't
16 remember exact dates, but it could have been parallel, could
17 have been a couple of days after.

18 Q Did you discuss these priorities with Mr. Miller?

19 A What do you mean?

20 Q The telex refers to priority items from the --
21 according to the administration. You indicated you got that
22 information from the Washington Post or the New York Times.

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1 Did you discuss those priorities or did Mr. Miller
2 give you any information regarding those priorities?

3 A Mr. Miller didn't give me any information on
4 military hardware.

5 Q The next paragraph refers, I believe, to some
6 concern about the direct involvement of the Department of
7 Defense --

8 A Yes.

9 Q --in the administration of the program.

10 A Yes.

11 Q What was your source for that information?

12 A When I worked on the Hill, the Department of
13 Defense was always concerned about their role in the
14 democratic resistance forces program, that comes from me.

15 Q Would you give us a translation of -- there is
16 paragraph number 2, please.

17 A He probably asked me for something in Chile that I
18 had not been able to get him the information.

19 Q Can you give us a translation of that?

20 A That's what it is.

21 MR. TOMPKINS: I think he would like just a
22 paraphrase.

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1 BY MR. MC GOUGH:

2 Q Yes, could you give me a little more.

3 A I said "I am sorry I haven't had the opportunity
4 to send you the information regarding our conversation in
5 Chile. I have been out of town and I have been unable to
6 prepare an analysis as you wanted, but I will try to do it
7 sometime in the near future."

8 Q That would refer up to item 2 in the caption;
9 would it not?

10 A Item 2.

11 Q If you look up in the "re" at the very top.

12 A Right.

13 Q What is the translation of that item?

14 A "Information regarding defense."

15 Q So whatever the conversation was that you had with
16 Mr. Sommers --

17 A It would probably have to do with the MAP and FMS
18 programs and how to develop the strategy for their attack
19 helicopter.

20 Q The third paragraph refers, does it not, to a
21 meeting with Bell Helicopters?

22 A Yes.

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1 Q What was the purpose of that meeting?

2 A Bell Helicopters is very interested in what
3 Cardoen is doing. They wanted to know what I had found out,
4 what Cardoen was doing on their attack helicopter.

5 Q Just so the record is clear, if you look at the
6 second page, I believe that telex was delivered on or about
7 July 10 of '86; is that right?

8 A Uh-huh.

9 MR. MC GOUGH: Let's mark this as the next
10 exhibit.

11 (Pena Exhibit 6 identified.)

12 BY MR. MC GOUGH:

13 Q Looking at Deposition Exhibit 6, Mr. Pena, do you
14 recognize this telex?

15 A It's a telex from Luis Sommers to me.

16 Q It's dated July 11, 1986, I believe?

17 A It's July 14, 1986.

18 Q I was looking at the -- maybe two dates on it.

19 A I am looking at July 14 --

20 Q I am looking at the one below your name on the
21 telex, July 14, 1986. Could you give us a translation of
22 that telex, please.

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1 A He said, "Even though it's difficult now for you,
2 it's not impossible to try to put some of our products within
3 the \$100 million that are part of the defense for the
4 anti-Sandinista group. Even though it's a small quantity, it
5 would help us in our future business negotiations. When you
6 have time to give me the memo, I would appreciate having it.
7 We continue to want to work together on this issue. We are
8 very interested with the Bell Helicopter meeting, and we
9 would like to know more about it."

10 Q If I could just refer to it for a moment, the memo
11 refers to, or paragraph 1 opens up, something to the effect
12 of while difficult or while there may be some difficulty,
13 it's not impossible for you. What did you understand that to
14 refer to?

15 A It's not impossible to get their products
16 purchased by the democratic resistance forces.

17 Q What was he referring to regarding the difficulty?

18 A I imagine he felt that it was going to be
19 difficult.

20 Q Had you discussed any obstacles with him that you
21 can recall?

22 A You have to realize also that this man is a man

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1 who deals with military hardware every day, and he knows how
2 difficult it is to try to sell military hardware when a
3 government is involved in giving their own products to a
4 group. That means your prices have to be lower, there's a
5 lot of competition involved.

6 MR. MC GOUGH: Let's mark this Exhibit 7.

7 (Pena Exhibit 7 identified.)

8 BY MR. MC GOUGH:

9 Q This is a telex, is it not, dated July 23, 1986,
10 from you to Mr. Sommers, responding to his telex of July 14?

11 A No. Well, I don't think it's a response to his
12 telex. The telex says that I just had a meeting with a group
13 that was interested in purchasing military hardware from
14 Cardoen.

15 Q Does it say you just had or are about to have a
16 meeting with him?

17 A I just had.

18 Q That is the first sentence. What is the balance
19 of the telex there?

20 A I asked him for a list as soon as possible.

21 Q A list of what?

22 A Of military hardware they had available and the

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1 price.

2 Q What is the group that is referred to here with
3 whom -- to what meeting does that refer?

4 A It would probably be that I had the discussion
5 with Rich Miller, which is as best as I can remember.

6 Q So if that is, in fact, the reference you were
7 making, the meeting would have taken place sometime prior to
8 July 23 of '86?

9 A It could have been taken place that day.

10 MR. MC GOUGH: Would you mark this as Exhibit 8.

11 (Pena Exhibit 8 identified.)

12 BY MR. MC GOUGH:

13 Q Could you identify what has been marked as Exhibit
14 8, please.

15 A It's a memo from me, to Adolpho Calero and Bosco
16 Matamoros.

17 Q It's a price list of --

18 A Military hardware that was available from
19 Cardoen.

20 Q Had you ever met, up to this point, Mr. Calero or
21 Matamoros?

22 A Yes.

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- 1 Q In what context?
- 2 A What do you mean what context?
- 3 Q How had you met them?
- 4 A I met Calero when I was in Nicaragua, I don't
- 5 remember, '82, when he was still the head of Coca-Cola in
- 6 Nicaragua. I met Bosco Matamoros right after that time,
- 7 probably, in that summer of '82.
- 8 Q Did you present this list directly to them?
- 9 A I gave the list to Bosco to give it to Adolpho.
- 10 Q Would you have done that on or about August 12?
- 11 A Probably that same day.
- 12 Q Did you have any discussions with Mr. Matamoros
- 13 about the list?
- 14 A Sure.
- 15 Q What I want to know is how this came about. We
- 16 have talked about how you dealt with Mr. Miller, but how did
- 17 it come about?
- 18 A Again, it was a business deal. It was an
- 19 opportunity, and I probably felt that I wasn't getting much
- 20 response from IBC and Mr. Miller, and I ^{just} want to Bosco 264
- 21 Matamoros and Calero to see if they had heard anything about
- 22 this opportunity.

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1 Q Could you have presented this to Mr. Calero and
2 Mr. Matamoros simultaneously -- could you have presented it
3 to Mr. Calero and Mr. Matamoros simultaneously to the time
4 you presented it to Mr. Miller?

5 A No. I gave it to them after -- after Rich Miller
6 asked me to send it to World Counselors, or whatever. I
7 think that was it.

8 MR. MC GOUGH: Mark Exhibit 9, please.

9 (Pena Exhibit 9 identified.)

10 BY MR. MC GOUGH:

11 Q I will show you what has been marked as Exhibit 9,
12 a letter dated August 15, 1986, to World Affairs Counselors,
13 Inc., from Richard Pena. Attached is a price list
14 substantively identical to the price list attached to or
15 reflected on Exhibit 8.

16 Now, is this Exhibit 9 the letter that you sent to
17 Mr. Miller proposing that transaction?

18 A Yes, it is.

19 Q I believe it's dated August 15, 1986; is that
20 right?

21 A That's correct.

22 Q Which would be three days after the memorandum to

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1 Mr. Calero and Mr. Matamoros dated August 12, 1986; is that
2 right?

3 A That's correct.

4 Q Can you explain, perhaps, why the letter to
5 Mr. Miller is dated after the memo to Mr. Calero and
6 Mr. Matamoros?

7 A It may have taken me a couple of days to write the
8 letter, I don't know.

9 Q To write which letter?

10 A To write this letter.

11 Q That is Exhibit 9, the August 15 letter; is that
12 right?

13 A Yes.

14 Q I believe you said earlier that you presented the
15 list to Mr. Calero and Mr. Matamoros, only after you had
16 presented the deal to Richard Miller?

17 A Yes. I talked, if you recall, I talked to Miller
18 about this at a reception. Then I took days to get
19 everything put together. So Mr. Miller knew about this
20 before I ^{talked to} ~~worked for~~ Calero and Bosco Matamoros. That's what
21 I am referring to.

22 Q Do you know if you provided Mr. Miller with this

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1 information, that is the information reflected in the August
2 15 letter, prior to August 15?

3 A I don't recall that I did. We may have talked
4 about it by telephone. But I don't recall that I did.

5 Q Now, this letter is addressed -- that is, Exhibit
6 9 is addressed to World Affairs Counselors in Georgetown,
7 Grand Cayman Island. Did you, in fact, mail this to the
8 Grand Caymans?

9 A I don't remember. I may have mailed it, and I may
10 have sent it over by messenger to Rich Miller.

11 Q I notice on there that Mr. Miller is not reflected
12 as an addressee on the letter.

13 A That's correct.

14 Q Was that at his request or was that your own?

15 A I imagine it was at his request if I sent it to
16 "Dear Sirs."

17 Q It reflects in the last paragraph, "in accordance
18 with our previous discussions," and that's a plural word.
19 Would that have been a discussion at the party and the
20 reception -- over the telephone, as best you can imagine?

21 A I would imagine.

22 Q It says, in accordance with those previous

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1 discussions, we anticipate that any commissions from the sale
2 of the product will be divided equally among the corporations
3 involved in the placement of that product.

4 Do you recall now discussing commissions with
5 Mr. Miller in either of those conversations? Does that
6 refresh your recollection. Does that give you any more
7 specificity on your discussions of commissions with him?

8 A No, we discussed that. Again, as I told you, we
9 discussed that as part of our discussion at the reception.

10 Q Do you recall, was the division of commissions to
11 be 50/50, or do you recall if you got to that point?

12 A We would split them equally. So I guess that
13 would have been 50/50. I do not recall saying 50 percent.

14 Q You refer to corporations, plural, one of those
15 corporations obviously would have been World Affairs
16 Counselors, Inc.; is that a fair statement?

17 A I would imagine.

18 Q Do you know what the other corporation or
19 corporations would have been?

20 A Well, Cardoen and Monte-Paz. Cardoen and
21 Monte-Paz has to be paid.

22 Q Would they be paid a commission or would they be

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1 paid --

2 A No.

3 Q You are saying here, I don't want to confuse you.

4 You are saying that your commissions are going to be split

5 equally among corporations. I want to determine what

6 corporations were dividing the commissions.

7 A Well, I have no idea. I don't know whether I
8 wanted to make it sound right the way I drafted the letter.

9 I really don't recall.

10 Q Did you keep a copy of this letter?

11 A No, I didn't.

12 Q Why not?

13 A Well, bad staff work. It got lost either in the
14 machine or we didn't keep it in the file.15 Q Did you or anyone at Cassidy & Associates make a
16 conscious decision not to keep a copy of this?

17 A No. That was my fault.

18 MR. TOMPKINS: Just so your question and answer is
19 clear, the fact is that this letter was not in the files of
20 Cassidy & Associates or Mr. Pena when we looked for documents
21 responsive to the subpoena. But that's not to say that the
22 document wasn't there for some period of time before it was**UNCLASSIFIED**

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1 destroyed or whatever. The implication of your question is
2 that somebody may have destroyed it immediately or didn't
3 keep a copy at the time, but that's not my understanding is
4 that that is not necessarily the case.

5 MR. MC GOUGH: That's what I am trying to clear
6 up. It's not an implication as to whether that occurred, was
7 there a conscious decision made to not keep a copy or
8 eliminate the copy. So the answer to the question is no on
9 that, I think.

10 MR. TOMPKINS: The answer to the question is no.

11 BY MR. MC GOUGH:

12 Q Let me ask the question again. Was there a
13 conscious decision made by anyone, to your knowledge, not to
14 keep a copy of this letter or to destroy any copies existing?

15 A No.

16 Q Mr. Pena, do you have a personal corporation
17 through which you do business or otherwise?

18 A No.

19 Q Let me line Exhibit 9 up against Exhibit 8. It
20 would appear, correct me if I am wrong, that on August 12 you
21 submitted a price list directly to Calero and Matamoros. On
22 August 15 you submitted a price list to Mr. Miller.

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1 If I am again correct, you were proposing the idea
2 of submitting it to Mr. Miller was to have the Contras
3 purchase those arms; is that correct?

4 A Yes.

5 Q On August 15, you were promising Mr. Miller half
6 of any commission on arms sold to the Contras; is that also
7 correct?

8 A Correct.

9 Q How were you going to be able to determine whether
10 any sales from the Contras resulted from your letter of
11 August 15 to Mr. Miller or from your memorandum of August 12
12 directly to Mr. Calero and Mr. Matamoros?

13 A I was expecting to hear back from Rich Miller if
14 there was going to be any interest in this, and to Calero, he
15 would have also gotten back to me and told me if there was
16 interest in it. So I would have been able to know who was
17 going to be involved.

18 Q In other words, Mr. Miller was to act as a conduit
19 for the return information as well. That is, an order or
20 something. Let's say there was an order for eight cluster
21 bombs. Did you envision that order as coming back to you
22 through Mr. Miller?

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1 A No, no, not the order. I would imagine they would
2 have gotten back to me if they were interested. The way the
3 letter is written is they were going to -- Monte-Paz and
4 Cardoen, the persons who to contact, but I know people in
5 both places.

6 Q I guess my question -- perhaps it's just confusion
7 on my part. But normally, when you are dealing -- let's move
8 out of the arms area. But when one deals with a
9 manufacturing representative or something like that, where a
10 commission is payable for placement of an order, it would be
11 unusual for the manufacturer to contact the customer directly
12 and propose a sale, because that would bypass the
13 manufacturer's rep. It appears to me you have offered
14 Mr. Miller a commission and then also contacted the ultimate
15 purchaser directly in a way that might at least confuse who
16 was entitled to a commission and who wasn't. Did you think
17 about that at all when you did this?

18 A No. It was, again, a business proposition. I was
19 trying to get to the people who were involved in this, and I
20 contacted both groups.

21 Q At that time, did you have any understanding how
22 the commission would be calculated or how it would be paid?

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1 A We hadn't even gotten to that point. What I
2 wanted to do was to get to see if they were going to be
3 interested, and to contact Monte-Paz and Cardoen.

4 MR. MC GOUGH: Let's have this marked as Exhibit
5 10.

6 (Pena Exhibit 10 identified.)

7 BY MR. MC GOUGH:

8 Q Can you tell me what this is, Exhibit 10, that
9 is.

10 A This is a telex that I sent to Luis Sommers
11 regarding what I had offered to World Counselors, Rich Miller
12 and Adolpho Calero and Bosco Matamoros.

13 Q It would have gone out approximately August 20 of
14 '86, is that the date at the bottom?

15 A Yes.

16 MR. MC GOUGH: Let's have this marked as Exhibit
17 11.

18 (Pena Exhibit 11 identified.)

19 BY MR. MC GOUGH:

20 Q I have just handed you what has been marked as
21 Exhibit 11. Could you tell me what that is.

22 A It's a telex from Luis Sommers to me telling me

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1 that he received the telex I had sent him, and the prices on
2 it, mentioned that the price is maybe a little bit high, but
3 it's still possible to sell them, and he feared that that was
4 where the commissions would come from.

5 Q Let's take it sentence by sentence. Could you
6 translate the first sentence for me, please.

7 A He says he is interested in knowing what our
8 progress and possibilities are with the conversations with
9 the people in Washington.

10 Q I believe it's the "interested party in
11 Washington"?

12 A Yes.

13 Q Is that a fair paraphrase? All right. Let's
14 translate the next two sentences, please.

15 A He says we have the prices clear that you have
16 quoted, even though they are somewhat high, they could work
17 like that. There's no doubt that the margins give a
18 possibility for whatever commissions are needed.

19 Q Is the word "commissions"?

20 A No, it's not -- "nadios" for them is
21 "commission." Do you speak Spanish?

22 Q I don't, but is the word "pago extraordinario" --

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1 I don't, but is that a commission or a bribe or a grease
2 payment?

3 A No, to me, pago extraordinario to me ~~was~~ the
4 commission from the price that came from here. I never got
5 anything from Sommers asking me for a ^{price} ~~price~~ or a grease
6 payment, as you stated.

7 Q So that was you that understood that word to refer
8 to commissions?

9 A Yes.

10 Q Next two sentences?

11 A It says we ask you to keep us informed, we are
12 prepared to demonstrate or send technical information if
13 necessary.

14 Q And the date of that telex would be September 9 --

15 A September 4.

16 Q September 4 --

17 A I have a 4 September '86 on the bottom.

18 Q All right, I was looking at the top, where it says
19 2 September '86. But at least somewhere in that 2nd, 3rd or
20 4th of September.

21 MR. MC GOUGH: Let's have this marked as Exhibit

22 12.

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1 (Pena Exhibit 12 identified.)

2 BY MR. MC GOUGH:

3 Q All right. You have been handed what has been
4 marked as Exhibit 12. Could you identify it, please. Can
5 you tell me what Exhibit 12 is.

6 A It's a memo from me to Gerry Cassidy on potential
7 clients that I was working on.

8 MR. MC GOUGH: Could you mark this as Exhibit 12.
9 I think the one you mark^d has notes on it, so I will scratch
10 it out.

11 BY MR. MC GOUGH:

12 Q If you would turn to the second and third page,
13 second page first, but it spilled over to the third page of
14 that memorandum. There is a reference to attempting to
15 broker some of Cardoen's products for use by Adolpho Calero.

16 A That's correct.

17 Q That is the transaction that you were proposing
18 with Mr. Miller?

19 A And Adolpho Calero.

20 Q It says you have also discussed assisting them in
21 the potential joint ventures or ~~cover~~ production agreements.

22 A That's correct.

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1 Q Could you elaborate on those?

2 *Jump* A Here we go back again to one issue and another
3 issue, ~~connect~~ production and development of helicopters for
4 the program. They want to take it out of Chile, go to
5 Africa, go to the Middle East, is what I was referring to
6 there.

7 MR. MC GOUGH: Let's mark this as Exhibit 13.

8 (Pena Exhibit 13 identified.)

9 BY MR. MC GOUGH:

10 Q I have put a red circle around a date on that one,
11 but you can ignore that.

12 This is a telex delivered, at the bottom,
13 September 19, 1986, from you to Mr. Sommers, is it not?

14 A That's correct.

15 Q Could you give us a translation of this telex as
16 well?

17 A I had returned from Central America, I told him in
18 Central America I had met people who I had talked about in
19 April who would be interested in establishing a military
20 weapons complex. I told him that I would be back probably in
21 about three weeks. I would let him know what the outcome of
22 that trip was. The next paragraph is that "with respect to

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1 the possibility of selling your products to the government of
2 the United States, I think it's a real possibility, and it's
3 part of the discussion I have had in Central America."

4 Q Let's back up for a minute. It's part of the
5 discussions that you had in Central America?

6 A Yes.

7 Q I didn't catch the last portion.

8 A "It's related to the discussions I had in Central
9 America."

10 Q All right. What is the next paragraph?

11 A "I expect to be in Chile in November and I would
12 like to meet with you and Cardoen during that time."

13 Q The third paragraph referring to weapon sales to
14 the United States, is that the same deal or a different deal?

15 A Here we go back again to the development of an
16 attack helicopter for Third World possibilities.

17 Q Does this telex refer to the Calero deal?

18 A No.

19 Q Were you talking on the telephone with Mr. Sommers
20 at all?

21 A I imagine I talked to him. I talked to him two,
22 three times a month on the telephone.

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1 Q Did you discuss with him the possibility or the
2 progress of your proposal with Mr. Miller and Mr. Calero?

3 A More than likely he asked me where we were at, and
4 I told him I had no information, because I didn't get any
5 feedback from the other guy.

6 MR. MC GOUGH: I have some handwritten notes that
7 were produced in discovery. Some of them are legible, some
8 of them are almost illegible. I am going to have them marked
9 and ask you if you can identify either handwriting and also
10 some of the references, if you would.

11 (Pena Exhibit 14 identified.)

12 BY MR. MC GOUGH:

13 Q I have shown you what has been marked as
14 Deposition Exhibit 14. Do you recognize the handwriting on
15 that exhibit?

16 A Gerry Cassidy's.

17 Q It has a date of November 12, 1986, in the upper
18 left-hand corner.

19 A Yes.

20 Q Do you recall a meeting at or about that time to
21 which these notes refer?

22 A Yes. Could have been a meeting with Rich Miller,

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1 could have been a meeting with Gerry and I. I am not --

2 Q Yes. Do you know what the meeting was about?

3 A It was regarding Panama -- you asked me what other
4 relations I had with IBC and Rich Miller regarding Panama.
5 Panama was looking for foreign aid. They were getting their
6 foreign aid cut off, and Rich Miller had asked us -- had
7 asked me about what could be done. Then we set up a meeting
8 with Gerry, so we had come in and discussed it.

9 MR. MC GOUGH: Let's mark this as Exhibit 15.

10 (Pena Exhibit 15 identified.)

11 BY MR. MC GOUGH:

12 Q I apologize for the quality of the copies, but it
13 really is about the best we can do with what we have got. Do
14 you recognize the handwriting on Exhibit 15?

15 A Is that Tom --

16 MR. TOMPKINS: I don't know.

17 THE WITNESS: I don't know.

18 BY MR. MC GOUGH:

19 Q Is it your handwriting?

20 A No.

21 Q Doing the best you can, reading it, do you know to
22 what it refers?

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1 A Well, it says "11/25/86, meeting with Kevin
2 Hopkins."

3 Q Who is Kevin Hopkins?

4 A He worked with or for IBC regarding the proposals
5 I had mentioned earlier, foreign aid, in conjunction with the
6 debt crisis in the international banks.

7 Q There is reference at the bottom about a 50/50
8 split. Do you know what that refers to?

9 A We had had a long discussion about how we were
10 going to prepare ourselves to go to the banks and all the
11 material that we needed to produce, so you can go with
12 strategy to propose to the banks. We had talked about how we
13 were going to split the workload.

14 Q You don't know offhand whose handwriting this
15 might be?

16 A No.

17 Q Both in -- let's cover the next exhibit as well,
18 then I will put a request on the record.

19 MR. MC GOUGH: Mark that Exhibit 16.

20 (Pena Exhibit 16 identified.)

21 BY MR. MC GOUGH:

22 Q Looking at Exhibit 16, do you recognize the

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1 handwriting on that piece of paper?

2 A No.

3 Q Can you state that it is not yours?

4 A No, it's not mine.

5 Q Do you recognize any of the substance on the
6 note? Does it mean anything to you?

7 A No.

8 MR. MC GOUGH: Mr. Tompkins, with regard to
9 Exhibits 14 and 15, what I would like to ask is that we be
10 provided access to the originals. Also, rather than issue a
11 broad gauge subpoena, if you could attempt to determine and
12 send me a letter as to who the author of these two notes is,
13 we can probably take care of it that way.

14 MR. TOMPKINS: I think so, you said 14 and 15. I
15 think you mean 15 and 16.

16 MR. MC GOUGH: Yes, 15 and 16. 14 has been
17 identified as Mr. Cassidy's handwriting, and that's entirely
18 legible.

19 MR. TOMPKINS: We will undertake to see if we have
20 the originals. I am not sure we do. Also undertake to find
21 out whose writing that is. I will give you the answers to
22 both of those as soon as we can.

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1 MR. MC GOUGH: That would be fine. If you could
2 just put that in a letter to me, that would be acceptable.

3 Let's mark this as Exhibit 17.

4 (Pena Exhibit 17 identified.)

5 BY MR. MC GOUGH:

6 Q I am showing you what has been marked as Exhibit
7 17, Mr. Pena, which appears to be a memorandum in Spanish
8 dated April 7, 1986. Take a moment to review it, I am not
9 going to ask you to translate the whole thing. We would be
10 here for the rest of the afternoon. My question for you is
11 going to be, can you summarize for me what it is.

12 A Let me give you the summary of this. Bosco
13 *Pena* Matamoros gave me this *Nicaragua* with a meeting that Bob Leiken had
14 with FDN commanders in a foreign country, what they wanted to
15 do with their struggle for freedom. We can go even further
16 to say that this is something political that the FDN did,
17 Bosco wanted me to read, because they were concerned about
18 Leiken, who was not supporting the FDN, Calero and company.

19 Q Who's Leiken, for the record?

20 A He is a Ph.D. who was a Sandinista supporter and
21 decided to quit supporting the Sandinista supporters and got
22 involved in the UNO group, United Nicaraguan Opposition

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1 group. As far as I know, he is a friend of the United
2 Nicaraguan Opposition. The other people who are involved in
3 it are not Adolpho Calero and Bosco Matamoros.

4 Q Can you give me, for the record, a general summary
5 of the substance of this?

6 A To be honest with you, I didn't read it when he
7 gave it to me. They were concerned that Leiken was not
8 supporting the FDN side of it. That's what I was told.

9 Q Why did Mr. Matamoros give this to you?

10 A He usually shares the political memorandums,
11 writings that they have, the FDN has, on what they are doing,
12 and how they are continuing along in their struggle to return
13 to Nicaragua. This was in the newspaper, I think, or maybe
14 not in the newspaper, maybe Leiken's trip was in the
15 newspaper. He disagreed, Matamoros disagreed with the
16 reporting in the newspaper about what Leiken had said.

17 Q What do you know in reference to the April 7 date
18 on it, when you might have received this?

19 A Could have been that day. It could have been
20 later. I don't remember. Bosco comes to the office when he
21 wants to --

22 Q Comes to your office?

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1 A Comes to my office. He calls me on the telephone,
2 comes by to see me.

3 Q Would Mr. Matamoros' contacts with you in this
4 regard have been fairly steady through 1986?

5 A Regarding political matters?

6 Q Political matters. Did you have a lot of contact
7 with Mr. Matamoros?

8 A Sure. I talked to him on the telephone.

9 Q Can you give me an idea of the frequency?

10 A Sometimes twice a week, sometimes three times a
11 month. It would depend what was going on, what activity they
12 were carrying out.

13 Q Did you discuss this matter with Mr. Miller, to
14 the best of your recollection?

15 A This?

16 Q Yes.

17 A I didn't even read it. I had no reason to discuss
18 it with Miller.

19 Q Given your fairly regular contact with Matamoros,
20 why did you think it was advisable or necessary to involve
21 Mr. Miller in the military hardware deal?

22 A Can I suppose for a minute, instead of giving

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1 you --

2 Q As long as you ultimately get to an answer, you
3 can suppose.

4 A Due to my background, working on the Hill, seeing
5 these people with whom I worked on the Hill, I had a regular
6 contact with them, with Bosco Matamoros and with Adolpho
7 Calero. When Rich Miller joined the group ~~of~~ supporting the
8 freedom fighters, I noticed that not only Bosco Matamoros but
9 ^{my} Adolpho Calero, ^{and} everybody else that was involved, was more
10 directed to the National Endowment for Preservation of
11 ^{my} Liberty, and ~~that~~ ^{to} Rich Miller, and I guess Spitz Channell;
12 and I saw that at a couple of receptions that I went to, and
13 realized that there may be something there that I hadn't been
14 able to get to, and that's what gave me the idea of
15 mentioning the possibility of having weapons that were
16 produced in Chile purchased by the resistance forces at a
17 better price, after seeing that interaction.

18 Q You say there may have been something there that
19 you hadn't noticed before, or something of that type. Can
20 you be a little more specific? What was it about
21 Mr. Miller's relationship with Adolpho Calero and the FDN
22 that gave you the idea of presenting him with a military

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1 hardware --

2 A Number one, it wasn't only for Calero and the
3 FDN. The other two, in newspaper terms, were much more
4 moderate than Adolpho Calero. He seemed to have the whole
5 group together at the same time. Observing that gave me the
6 idea again --I supposed this, I didn't know this --
7 ~~something was missing from the group~~ I could not offer Adolpho
8 Calero or the rest of the group.

9 Q Do you know what that "something" you were missing
10 was?

11 A No, I don't. I didn't have any idea. That's why
12 when I mentioned it to Rich Miller, I wanted to see if he
13 would be interested. He obviously was.

14 Q Did he seem surprised that you had broached that
15 possibility with him?

16 A I don't recall. I don't recall if there was
17 surprise, alarm or anything else. But you have to recall,
18 now, that at that time in Washington, in the newspapers, the
19 major issue that was going on was the need for military
20 hardware for that group. So when people discussed the
21 democratic resistance forces, they discussed it in the
22 context of if they were going to be able to survive due to

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1 the lack of military hardware.

2 Q All right. Other than the proposal to work with
3 NEPL on the projects you have identified, Central America and
4 SDI, have you had any other contact with Spitz Channell?

5 A Just on -- when Rich Miller brought him for the
6 lobbying of the \$100 million and for SDI.

7 Q When was the last time you spoke with Mr. Channell
8 or anyone holding themselves out to be a representative of
9 Mr. Channell?

10 A He called me either mid ^{or} late December. I *emp*
11 returned from a trip, I was only in Washington for a few
12 days, and he may have called me in January, I don't
13 remember.

14 Q What was the purpose of those calls?

15 A He was asking me what was the fallout, what was
16 going on, on the Hill, about all that was revealed about the
17 investigation into the Iran-Contra dealings.

18 Q What did you tell him?

19 A I told him I had been out of the country for about
20 a month, and that I was just beginning to read about
21 everything that had happened.

22 Q To your knowledge, was Mr. Channell aware that you

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1 had made the Cardoen proposal to Mr. Miller?

2 A I didn't talk to him about it.

3 Q Mr. Channell never mentioned that to you?

4 A Never mentioned it to me. Again, I didn't talk to
5 him every day.

6 Q I understand. Have you ever had any personal
7 contact with Oliver North?

8 A Met him one time many years ago at an OAS
9 reception, for about two seconds. We shook hands.

10 Q Other than ^{that}?

11 A No.

12 Q Did Mr. Miller ever discuss with you any contacts
13 he might have ^{had} with Oliver North?

14 A He discussed contacts that he had with the
15 administration, but he never -- he may have mentioned it, but
16 he also mentioned Shultz's name, and the rest of the people
17 in the administration.

18 Q How many contacts have you had with Mr. Miller,
19 say, since January 1 of this year?

20 A I may have talked to him once or twice on the
21 telephone.

22 Q When was the most recent conversation?

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1 A That was in January.
2 Q Haven't spoken to him since January?
3 A He hasn't called.
4 Q Have you spoken to anyone holding themselves out
5 as a representative or an attorney for Mr. Miller?

6 A No.

7 MR. MC GOUGH: I think that's all I have.

8 MR. FRYMAN: I have no questions.

9 MR. BUCK: I have no questions.

10 MR. TOMPKINS: May we have a brief recess.

11 MR. MC GOUGH: Sure.

12 (Recess.)

13 MR. TOMPKINS: I just need to ask him a few
14 questions.

15 MR. MC GOUGH: All right.

16 EXAMINATION

17 BY MR. TOMPKINS:

18 Q We are back on the record. I would just like to
19 ask Mr. Pena a few questions to clarify the record.
20 Mr. Pena, am I correct that neither Richard Miller nor any
21 organization that he was involved with are now or ever have
22 been clients of Cassidy & Associates?

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1 A That's correct.

2 Q Am I also correct that neither Mr. Channell nor
3 any organization that he was involved in or affiliated with
4 are now or ever have been clients of Cassidy & Associates?

5 A That's correct.

6 Q And am I also correct that the firms you have been
7 discussing today, including Cardoen, Monte-Paz -- well, that
8 those two firms are not and never have been clients of
9 Cassidy & Associates?

10 A That's correct.

11 MR. TOMPKINS: I think those are the only
12 questions I needed to ask Mr. Pena.

13 MR. MC GOUGH: All right.

14 MR. TOMPKINS: I would like to, though, ask on the
15 record your intentions, if you have any, of whether any part
16 of this transcript or any of these documents may become part
17 of the public record.

18 MR. MC GOUGH: I don't know, and that's the short
19 answer. The matters all become part of the Committee record,
20 and obviously we are starting the public hearings tomorrow,
21 and there will ultimately be a report written and promulgated
22 by the Committee.

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1 At that time, at each step along the way, the
2 Committee will make decisions as to what portions of the
3 record will be made public and what portions won't. Those
4 are made, I believe, if I read the rules correctly, by a
5 majority vote of the Committee. That's about all I can tell
6 you.

7 It's a matter that is really out of my hands. We
8 compile the record, and the Committee decides what it wants
9 to do with it.

10 MR. TOMPKINS: I understand that. In the letter
11 that we sent accompanying the documents, we had a request
12 that if there is any intention to use any of the documents or
13 this transcript as part of the public record, we would like
14 to be notified 48 hours in advance, ^{and} as I would like to JET
15 restate that request in the record.

16 MR. MC GOUGH: That's fine. It's on the record.
17 For the record, let ^{me} say, as far as signature goes, as
18 soon as the transcript is available, I will notify you,
19 Mr. Tompkins, and you and Mr. Pena can come down and look at
20 the transcript. I have already told you that we will take
21 your request for a copy of the transcript under advisement.
22 I will notify you of the Committee's position on that

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1 shortly.

2 MR. TOMPKINS: That's fine. Thank you.

3 MR. MC GOUGH: Thank you very much, Mr. Pena.

4 THE WITNESS: You are welcome.

5 (Whereupon, at 12:03 p.m., the deposition was
6 concluded.)

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RICHARD PENA

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I, WENDY S. COX, the officer before whom
the foregoing deposition was taken, do hereby certify
that the witness whose testimony appears in the
foregoing deposition was duly sworn by me; that
the testimony of said witness was taken in shorthand
and thereafter reduced to typewriting by me or under
my direction; that said deposition is a true record
of the testimony given by said witness; that I am
neither counsel for, related to, nor employed by
any of the parties to the action in which this
deposition was taken; and, further, that I am not
a relative or employee of any attorney or counsel
employed by the parties hereto, nor financially
or otherwise interested in the outcome of this action.



Notary Public in and for the
District of Columbia

My Commission Expires NOVEMBER 14, 1987

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HEARINGS

HSITS 162 /87

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITIONCOPY NO. 1 OF 2 COPIES

UNITED STATES SENATE

DEPOSITION OF THOMAS R. PICKERING

Wednesday, July 15, 1987

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Partially Declassified; released on 12/4/88 -
under provisions of E.O. 12356
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Washington, D.C.

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DEPOSITION OF THOMAS R. PICKERING

Wednesday, July 15, 1987

United States Senate

Select Committee on Secret

Military Assistance to Iran

and the Nicaraguan Opposition

Washington, D. C.

Deposition of THOMAS R. PICKERING, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 8:08 a.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

Partially Declassified; Released on 1/23/88
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by B. Jager, Nations' Security Council

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1 **APPEARANCES:**

2 On behalf of the Senate Select Committee on Secret
3 Military Assistance to Iran and the Nicaraguan
4 Opposition:

5 **TERRY SMILJANICH, ESQ.**

6 On behalf of the House Select Committee to
7 Investigate Covert Arms Transactions with Iran:

8 **THOMAS FRYMAN, ESQ.**

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C O N T E N T S

EXAMINATION ON BEHALF OF

WITNESS

SENATE

HOUSE

Thomas R. Pickering

By Mr. Smiljanich

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PROCEEDINGS

Whereupon,

THOMAS R. PICKERING,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SMILJANICH:

Q Mr. Ambassador, state your name for the record.

A My name is Thomas R. Pickering.

Q And you are currently the United States Ambassador to the Government of Israel?

A To the State of Israel.

Q The State of Israel. Mr. Ambassador, you have had a distinguished career. You are a career Foreign Service Officer; is that correct?

A That's correct.

Q And you served as Executive Secretary of State and also as Special Assistant to the Secretary of State in the early '70s?

A That's correct.

Q Was that to Secretary of State Henry Kissinger?

A Both to William Rogers and Henry Kissinger

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1 from July 1973 until January of 1974. It was a short
2 period.

3 Q And you've also served as Ambassador to
4 Jordan, Nigeria, El Salvador and Israel?

5 A That's correct.

6 Q What were the inclusive dates of your
7 ambassadorship in El Salvador?

8 A I was Ambassador in El Salvador from September
9 1983 until mid-June 1985 -- early September, to the best
10 of my recollection.

11 Q Who was your predecessor in El Salvador?

12 A Dean Hinton.

13 Q And your successor?

14 A Edward Corr.

15 Q I think it's Edwin.

16 A Edwin Corr, correct.

17 Q And you went from there to Israel; is that
18 right?

19 A That's correct.

20 Q Was there any hiatus in-between?

21 A Only the time required for confirmation. I
22 left El Salvador in mid-June and I was in Israel by the
23 end of July.

24 Q Who was your predecessor in Israel?

25 A Samuel Lewis.

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1 Q At some point during your tenure in El
2 Salvador a man by the name of Felix Rodriguez came to
3 your attention; is that correct?

4 A That's correct.

5 Q How did he first come to your attention?

6 A I believe that I received information -- and
7 I'm not exactly sure whether it was by phone call or by
8 cable, or both -- from Don Gregg, who was the National
9 Security Advisor in Vice President Bush's office that
10 they would like to have me talk with him.

11 Q Did Mr. Gregg explain what background he or
12 the Vice President had with Mr. Rodriguez?

13 A I'm not sure whether it was Mr. Gregg directly
14 or through a message or through subsequent conversations
15 or through a message from General Gorman that he had
16 previously been associated with the CIA in Vietnam, that
17 he had developed some tactical operations with the use of
18 helicopters, and that his advice and opinions could be
19 useful to the Salvadoran Air Force.

20 Q We've got a group of documents here that will
21 help refresh your recollection on some of these events
22 that took place some time ago. First let me show you a
23 cover memo from Colonel Steele to you dated 1 February
24 85, together with a typewritten -- it looks like it was
25 taken from a cable. Take a moment and read that and let

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1 me ask you some questions about it.

2 (Pause.)

3 A This possibly, although my recollection is a
4 little hazy, is a draft prepared for me to review and
5 sign. It could possibly be the message that actually
6 went. I'm not certain. It would depend upon where you
7 got this typed copy. This is copy that looks like it's
8 prepared in outgoing form.

9 Q That's one of my first questions. Obviously
10 this is not in the form of the typical cable, State
11 Department cable. This was contained in the documents
12 that we had received from, I believe --

13 A From the embassy in El Salvador, from their
14 files?

15 Q I believe from their files.

16 A This possibly is a copy prepared by the
17 commander of the MIL Group and his staff

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24 Q So we don't have a copy of any original cable
25 sent. You don't know whether or not that was ever --

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1 A I don't either. My impression is, from the
2 best of my recollection, that the message was actually
3 sent, but I can't tell you for certain.

4 Q Now before we go on, in here reference is made
5 to the fact that Mr. Rodriguez has high level contacts at
6 the White House. That would be Mr. Gregg, right?

7 A Correct.

8 Q It says Department of State. Do you have any
9 recollection?

10 A No. I think it possibly refers to the fact
11 that we may have had information or suspected that Mr.
12 Gregg may have also mentioned the question to Tony Motley
13 or someone on his staff, but I can't tell you. You'd
14 have to ask them.

15 Q Okay. Thank you. Now I then have, in the
16 form of an actual cable, dated February 12, 1985, for
17 Craig Johnstone from you, although the text of the cable
18 -- I'll give you a moment to read it -- the text of the
19 cable is actually a message you received from General
20 Gorman on February 8. Take a moment and look at that.

21 (Pause.)

22 A I faintly recall. This was part of my
23 practice of making sure that the Department of State was
24 aware of back channels to other agencies, and so this
25 went in a special channel. You have it blocked out.

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1 Q The State Department blacked it out.

2 A For specific reasons.

3 Q Now let me refer to portions of this cable and
 4 then ask some questions about it. First of all, is it
 5 correct that the substance of the cable is information
 6 you were receiving from General Gorman --

7 A That's correct.

8 Q -- rather than information you had yourself?

9 A That's correct.

10 Q And the message from General Gorman says:
 11 "Subject" -- the subject being Felix Rodriguez -- "has
 12 been put into play by Ollie North and, while well
 13 acquainted, does not have higher backing. Ollie assures
 14 me that he will pass word to Rodriguez to get in touch
 15 with me before he goes any further."

16 Then, if I can skip a few things here, it
 17 says, General Gorman discusses in the cable about a
 18 decision as to whether he might be useful to El Salvador
 19 air force operations. Then it says: "But Ollie assures
 20 me that his intent was to focus Rodriguez on forces
 21 operating elsewhere in Central America and that nothing
 22 more than consulting with" -- and there's a name blacked
 23 out, but I believe that's [REDACTED]

24 A Possibly [REDACTED]

25 Q -- "was contemplated."

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A Maybe [REDACTED]

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Q Does this prompt any further recollection from you about any ties that you understood Rodriguez had with Oliver North or the fact that his mission in Central America might have something more to do than simply interacting with the El Salvador air force?

A No. Quite the contrary, the best of my recollection was that our total interest in him was focused on El Salvador. In our prior conversations I remembered, only after you recalled, this was a surprise to me. I hadn't any real focus, as I told you, on his operations elsewhere. The message is very clear. I obviously read it before I sent it. Obviously I absorbed it. But, as I told you, it wasn't of specific interest to me because forces operating elsewhere in Central America blissfully were not my problem.

Q You had a full plate in El Salvador?

A Yes.

Q Do you have any recollection of what you understood to be "forces operating elsewhere in Central America"?

A No. I didn't. I must say I don't think I focused on it. I presumed it could have been either [REDACTED] forces, but I don't think it ever rang

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1 any bells or ever went any further in my thinking on the
2 subject. That's just speculation after the fact -- the
3 [REDACTED] forces.

4 Q The last sentence of the message from General
5 Gorman says: "Ollie rogered and said that Rodriguez can
6 be much more useful in other places where aid and advice
7 is much scarcer." Did you ever discuss this matter, to
8 your recollection, directly with Lieutenant Colonel
9 North?

10 A No. I don't think so. My contacts with
11 Lieutenant Colonel North were also blissfully very scarce
12 and far between, and I don't remember his ever raising
13 this subject with me or our discussing it. It's not
14 impossible that my recollection could be refreshed, but
15 it rings no bells at the present time.

16 Q Do you know whether or not you ever discussed
17 with General Gorman what he was referring to when he
18 talked about "forces elsewhere in Central America" or
19 Rodriguez being useful in other places?

20 A Not specifically. But, as I said, there were
21 a limited number of candidates for that particular
22 subject.

23 Q Now, then, let me show you the next-to-last
24 series of messages on this subject, and this looks to be
25 a Defense Department cable dated February 14, 1985, from

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1 General Gorman to you and Colonel Steele. Take a moment
2 to look at it.

3 (Pause.)

4 A Okay. I remember getting this.

5 Q Now let me see what my questions are. In this
6 message it appears that General Gorman gets a little more
7 specific about Mr. Rodriguez' other concerns in the
8 region, and he says -- and let me read the sentence:
9 "Rodriguez' primary commitment to the region is in

10 [REDACTED] where he wants to assist the FDN" -- FDN
11 meaning the Nicaraguan Democratic Force.

12 A The contras.

13 Q "I told him that the FDN deserved his
14 priority." Backing up a little bit, it says that General
15 Gorman had just met with Felix Rodriguez and that he was
16 [REDACTED] from Miami, that he was operating as a
17 private citizen, but his acquaintanceship with the Vice
18 President is real enough, going back to the latter's days
19 as DCI. As a matter of fact, I think it turns out that
20 Felix Rodriguez and I are very good friends,
21 personal friends, I think from Vietnam.

22 Again, I guess my only question is, does
23 looking at this prompt any further recollection of
24 discussing with anyone Felix Rodriguez' role as perhaps
25 his presence having to do with assisting the contras in

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1 any way?

2 A No, it doesn't, really. I think the
3 assumption I had, as I recall, at the time and certainly
4 have now is that whatever he would be doing for the FDN
5 would be related to his presence in [REDACTED] not in
6 El Salvador, and that when he was dealing in El Salvador
7 he would be dealing with [REDACTED] and the PRAL
8 operation and advice to the Salvadoran air force on
9 effective ways to conduct those kinds of activities.

10 Q What does PRAL mean?

11 A It's a long-range patrol group.

12 Q The last thing I need to show you --

13 A It's Spanish. I think it's Patrios
14 Reconnaissimientto el Conselargo, which means long-range
15 patrol group.

16 Q Let me show you the last document I have here,
17 which again looks to be perhaps a draft of a cable, but
18 take a moment to look at it.

19 (Pause.)

20 A I remember this. This was the end result of
21 our discussions with Felix, laying out his plan of
22 operation, and basically is the major impact of Felix on
23 me in terms of recollection is contained in that message.

24 Q In other words, this message describes some
25 specific ideas he has about certain tactics that can be

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P 14

used to counter guerrilla tactics and that was your understanding of what he was doing in El Salvador?

A That's correct.

Q Now in connection with those activities he operated -- first of all, he worked very closely with

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[REDACTED] is that right?

Q Were you aware, up to the time you left in June of '85, of any activities engaged in by Mr. Rodriguez that went beyond these counterinsurgency -- this counterinsurgency work with the El Salvador air force?

A No, I wasn't.

Q He, in connection with this work, was granted certain privileges at the Embassy; isn't that correct?

A After the fact -- I think that's right -- I became aware of the fact that the Mil Group gave him support of some kind, I gather parallel to what we would give civilian contractors, although he was not a contractor to us and was a no-cost, apparently, contractor to the Salvadoran air force.

Q Do, if I understand you correctly, there is

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15 pages

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1 certain category of standard privileges that are given to
2 contractors who have an official relationship with the
3 U.S. Government, and he was given similar?

4 A I don't know for a fact exactly what he was
5 given except for what we talked about in our secure
6 telephone conversation some months ago, and I think
7 Colonel Steele would probably be the best source for what
8 privileges he was given. As of the time you and I spoke,
9 I didn't have any recollection that he was given any
10 privileges -- whether it was access to the commissary, a
11 radio or car, or use of a car.

12 Normally we were fairly broad-minded with
13 people in terms of being involved in our radio net in
14 order to provide them the security support. That
15 included things like the school where we had children and
16 other non-governmental entities. Beyond that, I just
17 don't know what he was given, and if he were given those
18 kinds of things I think there may have been some slight
19 discordant noises with our own approach to the thing.

20 But it was something that never came to my
21 attention and something I don't recollect.

22 Q Now, when you left El Salvador did you have a
23 session with the new Ambassador, Ambassador Corr, to sort
24 of brief him into the role?

25 A Yes, I did. We had one, I think, long dinner

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1 session here in Washington at which we discussed a lot of
2 issues and we were in contact by phone and by meetings in
3 the State Department.

4 Q Do you recall whether or not Felix Rodriguez
5 was a big enough or important enough subject that it
6 would have come up in your briefing with Mr. Corr?

7 A I believe I did, but my recollection is a
8 little hazy, and Ed's recollection on that would be
9 either a cross-check or a denial, but to the best of my
10 knowledge I believe it came up not as a central focus
11 issue but as simply, hey, here is something you ought to
12 know about. This is what he has been doing. This is my
13 understanding of what he has done.

14 At that point his operation or the operation
15 which he advised had had several real successes and, as a
16 result, I had more than just a kind of passing interest
17 in what was going on.

18 Q And you don't recall that any of your
19 discussions with Ambassador Corr would have had any
20 mention of any activities beyond his counterinsurgency
21 work? Let me add to that, by the way, that Ambassador
22 Corr has been interviewed and deposed and he has no
23 recollection of such a subject coming up.

24 A No. I would say I would be most surprised if
25 it did. My recollection is it did not. I was just not

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1 zeroing in on any such aspect of his activity, despite
2 the evidence, obviously, to the contrary. Although that
3 evidence indicated to me the primary early interest in
4 his presence, my sense was that his presence in El
5 Salvador continued to be focused exclusively on the
6 mission we had outlined.

7 Q Well, to be fair, I think obviously when we
8 have a deposition like this we focus in on two or three
9 documents like this, but if you stacked up all the
10 paperwork you looked at as an Ambassador I'm sure it
11 would go pretty high.

12 A I'm sure you understand.

13 Q In 1984 Congress cut off all funding,
14 appropriations available to assist the Nicaraguan
15 resistance. When this version of the Boland Amendment
16 was enacted into law in 1984, do you recall what specific
17 effect that law had on your activities as Ambassador or
18 the work of the people in your embassy?

19 A To the best of my recollection I spoke with
20 [REDACTED] It would have been sometime near the
21 end of 1984. I don't remember. When was this Boland
22 Amendment?

23 Q I believe it came into effect October of '84.

24 A Sometime around then, and raised with him an
25 operation on which I had been briefed [REDACTED]

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[REDACTED] which included supply flights

At that

time, I told [REDACTED]

that it was

my belief that he had to terminate those operations and I asked him what instructions he had from Washington.

He said indeed he had instructions from Washington, that the operation had been winding down, and that he had then, during my first or in subsequent conversations, he informed me that everything that had been the property of the Agency had been transferred and that the Agency was no longer in any way at all involved in supply activities [REDACTED]

[REDACTED] to the best of my knowledge, [REDACTED] and that he felt that they were in complete observation of the Boland Amendment as a result of those actions.

Q Was [REDACTED] did you say?

A Yes.

Q Did [REDACTED] tell you to whom they had transferred this equipment or assets?

A I believe if he didn't say specifically [REDACTED]

Q Did you have any discussion prior to leaving El Salvador of the role of private benefactors in supplying the contras?

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1 A I was generally aware of the fact that private
2 benefactors were. I'm not sure what you mean did I have
3 any discussion. Did I have any discussion with anybody?
4 Did I have any discussion with [REDACTED]

5 Q That's a fair question. Let's start with [REDACTED]
6 [REDACTED] In discussing the transition from funding
7 to no funding for the Nicaraguan resistance, did you have
8 any discussion with [REDACTED] about what role
9 private benefactors would have?

10 A I did not, and, to the best of my knowledge,
11 he did not raise the subject. Subsequently with respect
12 to private benefactors to Salvadoran military forces I
13 expressed my desire that the role of the military group
14 be extremely cautious, that they should not engage
15 themselves in direct support for these individuals.

16 [REDACTED]
17 [REDACTED]
18 And I can't really recall whether at any point
19 during my tenure the issue of private benefactors
20 operating [REDACTED] other places [REDACTED]
21 actually came up and whether we had any similar
22 conversations. But the standing instructions with
23 respect to El Salvador were so clear and limited. In my
24 discussions I thought of the Boland Amendment and our
25 involvement, plus all the publicity, was so self-evident

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1 that no one would engage in that kind of activity either
2 without letting me know or, alternatively, without using
3 their good sense about obeying the law.

4 Q Were you ever asked by anyone to facilitate in
5 any way or assist, do any favors for any private
6 benefactors groups that would be supplying the contras
7 during that time?

8 A The only time, the only issue that comes to my
9 recollection was the one that we have discussed of the
10 document which listed the donation, which I was asked by
11 an individual to pass that document on. Possibly Ollie
12 came to my mind or it came to his mind. I'm not certain
13 which.

14 Q Let me put that aside for a second; I want to
15 ask you about that. But beyond that document --

16 A Beyond that I have no clear recollection of
17 any such circumstance.

18 Q Then let's go ahead and talk about that
19 particular matter involving this document. As I
20 understand it, the last time we talked to you, you had
21 difficulty putting a specific time frame on it, but it
22 happened shortly before you actually left for Washington
23 for consultations, and you gave us, at my request, and
24 you promptly assisted us, you sent a cable that was for
25 us of dates on which you were in Washington.

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1 A I think the most likely time would probably
2 have been in December of '84, but it could have been in
3 March or April of '85. To pinpoint that, have you ever
4 located the [REDACTED] report?

5 MR. SMILJANICH: Off the record.

6 (A discussion was held off the record.)

7 MR. SMILJANICH: On the record.

8 BY MR. SMILJANICH: (Resuming)

9 Q Why don't you go ahead and tell us, then,
10 exactly what you can recall about someone coming to you
11 and asking you to do something?

12 A Sometime during that period [REDACTED]

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED] came to me and said that he had been
19 contacted by a group [REDACTED] who were engaged
20 either in soliciting or receiving assistance for the
21 contras, that that group had information about a donation
22 and wished to effect delivery.

23 There was a problem about where delivery could
24 be effected and they wanted to have a document
25 transmitted, to the best of my knowledge, to the contras'

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[REDACTED]

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4 asked if I would pass this document
5 on. I said I would pass the document on, and either he
6 suggested or I thought of Ollie. At that point I had
7 heard enough rumors of Ollie's activities in connection
8 with private support for the contras that I thought he
9 would be a useful address. I think that it was
10 specifically asked, as I recall, that maybe the document
11 should go to Calero and that Ollie was the only person I
12 knew who had a contact with Calero.

13 In any event, I told him that I would be glad
14 to pass it on, that I was going to be in contact soon. I
15 came to Washington, called Ollie on the phone. He
16 returned my call. I said I had a document that he would
17 understand the purpose of but that the people who had
18 given it to me wanted it passed on to Calero. He said he
19 would do so, and I think I sent it to him by a messenger
20 in a sealed envelope to his office at the White House.

21 He later told me he had received it, called me
22 back and thanked me for passing it on, and said he would
23 ensure it would get to its destination. The document
24 contained a list of military equipment which, to the best
25 of my knowledge, purported to be available for support of

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1 the contras, I think either from a private source or a
2 foreign governmental source. That was not really clear
3 in my mind, although, as I told you, the listing of
4 material led me to guess from the way in which it was
5 described, the nomenclature used, that it was possibly a
6 [REDACTED] source of support for the contras.

7 It contained a fairly significant listing of
8 stuff, something that I think you could judge would be
9 available to support 4,000 or 5,000 men, not just a
10 company or so. [REDACTED]

11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED] Whether it identified

15 I don't know. I don't recall. But the listing was
16 indeed, I think from the basis of having read the two, an
17 identical list to the one that I had passed on.

18 Q How much time elapsed between when you got
19 this document to Colonel North and when you saw the
20 intelligence?

21 A I would say within a week or two. That was
22 one of the reasons why I didn't do as I normally would
23 have done, to the best of my knowledge, informed the
24 Department, because I was about to do it when I saw this
25 document. I said, well, they already have that

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1 information; I don't need to dive into it.

2 Q Do you recall whether or not this document or
3 your conversations with [REDACTED] indicated in any
4 way whether this was going to be a sale of weapons or a
5 donation of weapons?

6 A To the best of my recollection, it appeared to
7 be a donation, although it may have had two parts. It
8 may have been a sale by the supplier against a donation
9 to pay for it by some other private source. It kind of
10 sticks in my mind that it was something like that. So
11 there may have been more parties than just kind of a
12 donor supplier.

13 Q Let me understand that. I understand you
14 don't have a clear recollection of this.

15 A I don't, no.

16 Q But what you're saying is it could possibly
17 have been a sale of the equipment, but based upon a
18 donation, the monies coming from private donations rather
19 than from out of the pockets of the contras.

20 A Yes. And it's possible that the donor or
21 donors were located in the same country as the sellers.
22 In other words, it was a closed deal. The money may not
23 have come from the government or the manufacturer. Money
24 may have come from other suppliers or from other sources
25 within the country, and that the two came together to the

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1 contras.

2 Q Did [redacted] describe who this group

3 was [redacted]

4 A He said that they were a group of people who
5 were supporters of the contras. I had the impression
6 that it might have involved only Nicaraguans or it might
7 have involved Nicaraguans and [redacted] He may have
8 even mentioned names which at the time rang bells, but it
9 doesn't stick in my head.

10 Q They were weapons?

11 A A combination of weapons and support
12 equipment, [redacted]

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16 Q Take a moment and think. Do you recall
17 anything else that might help us identify it if we ever
18 see it?

19 A No. I said to you before that the
20 identification of the [redacted] that were being provided was
21 one of the things that led me to believe they were
22 possibly [redacted] and I can't tell you
23 exactly why except [redacted]

24 [redacted] range a bell. I had, during a previous part of my
25 career, been engaged in the long discussions leading up

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1 to [REDACTED]
2 Q Did the document or did your discussions with
3 [REDACTED] give you any information as to where the
4 material was currently located?

5 A Yes. I had the impression that the material
6 was located some distance and that they were
7 contemplating sea delivery, and that they had discussed
8 or asked about whether ports in countries like [REDACTED]
9 [REDACTED] could be used to land the equipment in order
10 to transfer it to the contras. That was one of the
11 things they wanted the document passed to the contra
12 directorate or leadership in order to try to determine.

13 Q Now it sounds from your general description of
14 these events that there didn't seem to be any urgent
15 immediacy to transmitting this information, because it
16 sounds as though, well, you were going to Washington soon
17 and then when you got there you had it delivered to
18 Colonel North rather than as soon as getting it nobody
19 asked you to pick up the telephone and call right away.

20 A No.

21 Q Do you recall that there was any sense of time
22 that could pass?

23 A I recall there was a kind of medium sense of
24 urgency, but not such that people wanted me to put it in
25 cables or to pick up the phone and call somebody about

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1 it. I think it also came to me at a time that I was
2 about to go to Washington, so we were talking in terms of
3 days and weeks, not hours.

4 Q Now why would it not be your normal practice,
5 what I would assume would be your normal practice, to
6 take this information from [REDACTED] and put it
7 into a cable that day and transmit it on to Washington
8 for delivery to Colonel North, saying would you please
9 pass the following message to Colonel North?

10 A Well, first I was not sure to whom it should
11 be passed. Secondly, I was not, until I considered it
12 further. Thirdly, it was not the kind of thing that I
13 would normally put in a cable.

14 Q Why is that?

15 A I think because it involved a sensitive
16 private operation and not a public one.

17 Q Now you don't recall whether or not it was
18 [REDACTED] who specifically asked you to relay this
19 to Colonel North or whether Colonel North was somebody
20 you suggested?

21 A I cannot recall. I'm really sorry. He may
22 have said only can you pass this on to somebody who is in
23 touch with that group and I thought of Ollie, or it is
24 possible he came up with Ollie's name. I just do not
25 know.

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1 Q Now, what Colonel North has to say about
2 things has been much in the news lately. If you can
3 subtract all that from your mind -- I don't know if
4 you've been keeping up with it, but if you could describe
5 for me what general impression you had of what Colonel
6 North was doing, what his activities were back then that
7 would have led you to believe that he might be the person
8 to contact.

9 A Sure. The only general impression I had then
10 -- and I have not really kept up with what's been going
11 on except peripherally -- was that one way or another I
12 had heard, and I can't tell you where -- it may have been
13 from the southern command; it may have been from the
14 military group commander; it may have just been on the
15 rumor circuit from somebody else -- that Ollie was
16 actively engaged in either supporting or encouraging
17 private support, and perhaps foreign government support,
18 for the contras in the absence of being able to support
19 them directly under the Boland Amendment, and that
20 somewhere along the line I had the impression that people
21 believed this was a legal activity on the part of the
22 NSC.

23 Those two things stick in my mind, and that's
24 the reason, if I suggested Ollie, that's the reason why
25 Ollie's name came up in my head.

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1 Q Now, on the subject of the legality of third
2 country solicitation during this time period, this would
3 have been when Tony Motley was Assistant Secretary; is
4 that right?

5 A That's correct.

6 Q Ambassador Motley has told us that it was his
7 belief during that time frame that third country
8 solicitation was not something that the State Department
9 should certainly do unless specifically authorized in
10 legislation, and that it was his general impression that
11 it was the belief with the people he dealt with at his
12 level that maybe the NSC could engage in this activity,
13 but probably not, and it's something people should stay
14 away from.

15 Do you know where you got a general sense that
16 perhaps this was something that the NSC could engage in?

17 A I don't really know and can't pinpoint it.
18 The only thing I can say is that somewhere in my head at
19 that period I had heard this view expressed.

20 Q You don't remember from whom?

21 A I really cannot; I'm sorry.

22 Q Do you recall whether you had any information,
23 rumors, hints, anything like that, as to any specific
24 third countries that might have been solicited or
25 actually made contributions on behalf of the contras?

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1 A No. This piece of paper, in what appeared to
2 [REDACTED] say also have stemmed from rumors that [REDACTED]
3 [REDACTED] say have been involved. Somewhere in my head
4 [REDACTED] tions. Beyond that, there were rumors of [REDACTED]
5 support, not generally known but widely enough, and
6 whether they were out of the press or other places, I
7 don't know. [REDACTED] but I'm not sure.
8 [REDACTED] you know, they were in a very kind of no
9 substantiation basis.

10 Q When you discussed this with Colonel North did
11 you discuss it with him on the telephone?

12 A Telephone; I did not meet him.

13 Q Did he give you any indication that he was
14 expecting this information in any way?

15 A No, he did not.

16 Q Did he say anything to you about where it
17 might be coming from?

18 A No. He just thanked me for passing it on. He
19 said he understood what it was and he would take care of
20 it.

21 Q And, as you understood it, what he was saying
22 he would do would be to pass this on to Adolfo Calero?

23 A I understand, yes.

24 Q And did you hear back from Colonel North that
25 he had in fact done so?

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1 A : I heard back from him that he had received it,
2 and I think either heard back in that conversation,
3 because there were two, that he had passed it already or
4 would soon do so.

5 Q To Mr. Calero?

6 A Right, Mr. Calero and/or colleagues. He was
7 not specific in the question of whether it got to Calero
8 through intermediaries or anything else. It was just
9 never raised.

10 Q Did he mention the name of Robert Owen to you
11 in any of your discussions?

12 A I never heard of Robert Owen.

13 Q First of all, this was a physical document
14 that you took back with you from El Salvador?

15 A That's correct, a typewritten physical
16 document.

17 Q That you got from [REDACTED]

18 A From [REDACTED]

19 Q Now, did this document indicate or did you
20 have any impression of an overall dollar value?

21 A My impression was that there may well have
22 been a dollar value attached or [REDACTED] I discussed
23 dollar value, which was in the millions, not in the
24 hundreds of thousands.

25 Q When you say millions, can you be any more

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1 specific?

2 A Low millions, like one-figure millions -- low
3 one-figure millions.

4 Q You mean like \$1 million or \$2 million, not
5 \$30 million or \$40 million?

6 A One, two, three, four, five, not 30, 40, 50.

7 Q And then shortly thereafter [REDACTED]
8 passed your desk that had the same listing?

9 A Right. This came in the form of a [REDACTED]
10 report, what we called [REDACTED]
11 [REDACTED]

12 Q And you heard nothing more about it?

13 A Nothing more after that.

14 Q Did [REDACTED] ever discuss it with you any
15 further after that?

16 A To the best of my knowledge, no. [REDACTED]
17 [REDACTED] If he hadn't sought me out,
18 I probably wouldn't have seen him in the nature of my
19 normal social contacts. It's not impossible that we met
20 again, but I don't recall any further discussion.
21 Possibly I saw him and said, well, we passed that on.

22 Q And during this entire time frame there's no
23 cable traffic that would have been generated by you to
24 reflect any of this?

25 A No.

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1 Q Now, let's go on to an area you just touched
2 upon a moment ago. During your tenure as Ambassador in
3 El Salvador there was an operation -- and this is a
4 classified deposition -- there was an operation --

5 A I hope it is.

6 Q It is. In fact, it will be classified at Top
7 Secret/Codeword.

8 There was an operation referred to as

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When you were Ambassador,

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1 to El Salvador, did you have any knowledge of or
2 connection with that operation?

3 A None whatsoever.

4 Q So you didn't even know about it?

5 A No.

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8 Q And your briefing on the subject, then, was
9 all after the fact?

10 A Correct.

11 Q Who briefed you on it?

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1 Q We don't need to trade in just idle gossip or
2 rumors.

3 A If you have some unidle gossip, I'll talk
4 about it.

5 Q Are there any of these that you would place
6 any greater credence on than others? Let's put it that
7 way.

8 A No.

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1 A The sum total of what I think is the hard
2 information and semi-hard information is contained in a
3 number of cables which I sent to the State Department

4 [REDACTED]
5 [REDACTED] I would say those
6 are much more authoritative than my current recollection,
7 probably a bit more informative, as to what they said to
8 me and what I said to them.

9 Q And what time frame are these cables?

10 A Those would all be post-November 1986, post-
11 public revelation.

12 Q Shortly thereafter?

13 A A series coming from November, December,
14 January, February, March, perhaps April.

15 Q Now, when you arrived in Israel as Ambassador
16 in July of 1985, this was just almost the very beginning
17 of the whole series of events involving arms sales to
18 Iran, first by Israel and then directly by the United
19 States. It probably would be simplest if I could just
20 ask you to give me, in an overall form, what information
21 came to your attention as this series of events were
22 unfolding.

23 I understand that you are not a participant in
24 them and you were not involved in it.

25 A No, I was excluded.

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1 Q Obviously things would crop up that would be a
2 clue or give some indication that something was
3 happening.

4 A Somewhere in that period the Israeli
5 newspapers printed a story about Dave Kimche having met a
6 high level American NSC personality in London. Kimche
7 wouldn't admit anything about it and denied the story to
8 the press. They didn't tell me or wouldn't tell me
9 anything about it.

10 In September of 1985, the Israeli press and
11 the world press carried a story about an aircraft that
12 left Iran, [REDACTED]
13 [REDACTED] and proceeded to
14 land in Israel at Ben Gurion airport for repairs. Then
15 we had information that it left Ben Gurion and went to
16 [REDACTED] someplace remote, and then maybe later to
17 [REDACTED]
18 But we asked for information on it through
19 Agency channels and were told they had nothing to add and
20 didn't ask any more.

21 Q This was the DC-8?

22 A The DC-8, correct, a U.S. chartered aircraft.
23 Later on -- and I can't put a time on it -- I had
24 information that Ollie had been in Israel. That is
25 possibly as late as the May Tehran thing in '86. And

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1 Ollie had asked me for help at [REDACTED]
2 of Lebanese origin called [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]

7 As a result of Ollie's request I spoke to
8 Prime Minister Peres' staff and asked them if they would
9 facilitate this guy's entry -- that is, not bounce him
10 around at the airport.

11 Q Excuse me. When was that?

12 A Well, I can't tell you specifically. Could
13 have been spring or summer of '86. Subsequently, before
14 this thing broke, I had a call from [REDACTED] on the
15 phone just saying he was in town. He was in Jerusalem. I
16 was in Tel Aviv. He was, I think, crossing the bridge to
17 Jordan, but I'm not certain. And we tried to arrange to
18 get together but our schedules wouldn't work.

19 He just said I'm [REDACTED] I said yes, I
20 know who you are and I'd like to have a chance to chat.
21 I think he was asked to be in touch with me in case
22 anything happened to him. But that was all.

23 But the focus of this was all [REDACTED]
24 [REDACTED] not oriented toward other aspects of this
25 activity. I think that's pretty much sort of what bits

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1 and pieces I picked up, just the tiniest traces of
2 activity going on.

3 Q So, going back to November of 1985, you had no
4 knowledge or information of any kind that Israel was
5 engaged in the sale of HAWK missiles to Iran?

6 A No. I'll tell you one other piece of
7 information that was given to me was a few hours before
8 Benjamin Weir was released. I was told [REDACTED]
9 [REDACTED] that he was going to be released and
10 that Secretary of State Schultz was fully informed, [REDACTED]
11 [REDACTED] he
12 wanted me to know.

13 Q Did he indicate that Israel had anything to do
14 with the fact of the release?

15 A He did not. His statement to me could have
16 come from just good intelligence as well as participation
17 in any activity.

18 Q So you didn't assume from the fact that you
19 were getting it from him that there was some Israeli role
20 in this?

21 A I did not, no. In fact, the implication was
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]

25 Q There's been testimony that in connection with

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1 the November shipment of HAWK missiles Israel was going
2 to be looking to the United States for replenishment of
3 its supply. Separate and apart from thinking this had
4 anything to do with hostages, do you recall any
5 discussions or indications from the Israelis during that
6 time frame or shortly thereafter that they were going to
7 be asking for some additional security assistance in the
8 way of HAWK missiles?

9 A None in the time frame you have talked about.

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19 A After the fact, after the whole thing became
20 public.

21 Q And you were completely unaware of the May
22 Tehran trip itself?

23 A Except that I had this possible reflection of
24 Ollie's presence in Israel around or about that time,
25 which I then later connected back possibly to the May

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1 Tehran visit.

2 Q Did you have any discussions with North when
3 he was in Israel?

4 A Absolutely not. I mean, he went out of his
5 way to make certain nobody knew.

6 Q Did you know at that time or were you asked to
7 facilitate in any way the presence of General Secord and
8 his group?

9 A No.

10 Q Who remained in Tel Aviv while the party went
11 on to Tehran?

12 A No.

13 Q And certainly you had no indications from Mr.
14 McFarlane that he was passing through or in the region?

15 A No.

16 Q Then the events that took place in August,
17 September, October of '86 having to do with the further
18 sale of TOW missiles that led to Jacobson's release, you
19 had no contemporaneous information?

20 A No. The only thing we were aware of was these
21 numerous stories of Danish ship deliveries which were
22 appearing in the press around about that time.

23 Q Is there anything else you can think of to add
24 about anything that came to your attention that has
25 anything to do with the developing Iran arms transaction?

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1 A Not in a before-the-fact sense.

2 MR. SMILJANICH: Those are all the questions I
3 have. Mr. Fryman may have some.

4 MR. FRYMAN: I have no questions.

5 MR. SMILJANICH: Okay. That will complete the
6 deposition, sir. I want to thank you for making yourself
7 available to both Committees. We appreciate your
8 information and we will have a transcript prepared of
9 this.

10 (Whereupon, at 9:11 a.m., the taking of the
11 instant deposition ceased.)

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Signature of the Witness

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Subscribed and Sworn to before me this _____ day of

15

_____, 1987.

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Notary Public

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My Commission Expires: _____

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UNCLASSIFIED**CERTIFICATE OF REPORTER**

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schaffer

Notary Public

in and for the District of Columbia

My Commission Expires: February 28, 1990

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by B. Reale, Director, Security Council

DEPOSITION OF JOHN M. POINDEXTER

Saturday, May 2, 1987

United States Senate,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D. C.

The Committee met, pursuant to call, at 9:05 a.m., in
Room 901, Hart Senate Office Building, Arthur Liman
presiding.

On behalf of the Senate Select Committee: Arthur L.
Liman.

On behalf of the House Select Committee: John Nields
and George Van Cleve.

On behalf of the Witness: Richard W. Beckler and
Joseph T. Small, Jr., Fulbright & Jaworski, 1150 Connecticut
Avenue, N.W., Washington, D. C. 20036.

Also present: Senator Rudman, Representative Stokes,
and Representative Courter.

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By Mr. Van Cleve

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1 MR. LIMAN: Why don't we go on the record.

2 MR. RUDMAN: We will go on the record.

3 This is a proceeding before the United States
4 Senate and the United States House of Representatives,
5 the Select Committees representing both bodies; represented
6 here in the Senate by myself, Warren Rudman of New
7 Hampshire.

8 MR. STOKES: Louis Stokes of Ohio.

9 MR. COURTER: Congressman Jim Courter from
10 New Jersey from the House.

11 MR. RUDMAN: I think what we will do at this
12 time is I will administer the oath to you for this
13 proceeding and then we will go through a couple of
14 procedural matters, and then the two Congressmen and I,
15 under our previous agreement, intend to leave.

16 Would you please stand and raise your right
17 hand?

18 (Witness sworn.)

19 MR. RUDMAN: Thank you, Admiral.

20 Arthur?
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1 Whereupon,

2 ADMIRAL JOHN M. POINDEXTER

3 was called as a witness and, having been first duly sworn,
4 was examined and testified as follows:

5 EXAMINATION BY COUNSEL FOR

6 THE SENATE SELECT COMMITTEE

7 BY MR. LIMAN:

8 Q Admiral, have you received a subpoena from the
9 Senate for the production of certain records?

10 A I have, sir.

11 Q Do you have any of those records with you?

12 A Yes.

13 Q Would you produce them?

14 A I have them with me, but at this point, I decline
15 to turn them over based on my constitutional rights under
16 the Fifth Amendment.

17 MR. RUDMAN: Admiral Poindexter, in this
18 proceeding, the United States Congress, the Senate and
19 House committees, have applied to the United States District
20 Court for an order granting you limited use immunity to
21 compel your testimony before this proceeding this morning.
22 I will hand you a copy of this order, which I believe your
23 counsel have both read, and it will be incorporated into
24 the record at this time.

25 (The order follows:)

(COMMITTEE REPORT)

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1 MR. BECKLER: Is there an order from the House?

2 MR. RUDMAN: This order was --

3 MR. LIMAN: The questions, the production at this
4 point will be to the Senate. The House is bringing over
5 its copy, which has been signed this morning by Judge
6 Robinson.

7 MR. BECKLER: You mean before we start the
8 questions --

9 MR. LIMAN: Before the House puts any questions
10 to you, you will have their order and their direction.
11 There is an order. They can give you the same direction
12 and you will have the order before you respond to any
13 questions from the House.

14 MR. BECKLER: Are they coming over here
15 imminently?

16 MR. LIMAN: They are coming over imminently.

17 BY MR. LIMAN:

18 Q Would you produce the records?

19 MR. BECKLER: Yes. Let me just make a statement
20 here, Arthur.

21 We are turning -- Admiral Poindexter is turning
22 over these records to you by previous agreement with your
23 committee, one of our committee's counsels, Mr. Belnick.
24 We told him we would be carrying this material over. There
25 were several boxes of other material, not necessarily

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1 relevant, but which are available for your inspection at
2 any time.

3 MR. LIMAN: Fine. You understand you are being --
4 you are producing these under the direction that has been
5 given by both the Senate and the House pursuant to the
6 order of limited use immunity?

7 MR. BECKLER: Yes. We are producing these
8 pursuant to the order of use immunity.

9 MR. LIMAN: I want to put a question.

10 BY MR. LIMAN:

11 Q Admiral, are you familiar with any of the sources
12 of funding for the contras after the Boland Amendment was
13 adopted in October of 1984?

14 A Mr. Liman, I respectfully decline to answer that
15 under the -- my constitutional privileges.

16 MR. RUDMAN: Admiral, under the order that has
17 been produced for compelling your testimony under a grant
18 of limited use immunity by the United States District Court
19 obtained by both the United States Senate and the United
20 States House of Representatives, I direct you on behalf
21 of the Senate to answer that question.

22 THE WITNESS: Yes, sir.

23 BY MR. LIMAN:

24 Q You understand, sir, that you are going -- you
25 are being directed to answer all questions that are

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1 responsive to our inquiry?

2 Would you give him that direction, Senator?

3 MR. RUDMAN: I would simply state that I would
4 now direct you at this time to answer all questions put to
5 you by counsel during the course of this proceeding pursuant
6 to that order.

7 MR. LIMAN: So, for the purpose of this proceeding,
8 you will be deemed to have asserted your constitutional
9 right to all questions and to have received the same
10 direction from Senator Rudman and from the House.

11 MR. BECKLER: I would state for the record, not
12 only pursuant to an order of immunity but pursuant to a
13 subpoena calling for our appearance here this morning,
14 issued both by the House and the Senate.

15 MR. RUDMAN: I believe that before proceeding,
16 in order to keep the record perfectly clear, that
17 Congressman Stokes and Congressman Courter join me in
18 directing you answer on behalf of the House of Represen-
19 tatives and the appropriate order which has been signed and
20 will be produced this morning.

21 I believe, pursuant to the agreement, unless
22 Congressman Courter or Congressman Stokes have any
23 comments to make, under agreement with counsel and the
24 Independent Counsel, I think Members of Congress are now
25 going to withdraw.

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1 MR. COURTER: Before we withdraw, I would just
2 like to say that I have been here as a Member of the House
3 of Representatives and duly appointed, and I concur in the
4 representations about the fact that the House is similarly
5 situated as the Senate and we have the same understanding
6 with regard to all of the proceedings, and our order will
7 be here forthwith.

8 MR. BECKLER: Thank you.

9 MR. STOKES: I would concur in the remarks made
10 by my colleague, Mr. Courter.

11 MR. BECKLER: Thank you, Mr. Congressman.

12 MR. RUDMAN: Thank you, Admiral.

13 (Discussion off the record.)

14 (Senator Rudman, Mr. Stokes and Mr. Courter
15 withdrew from the room.)

16 MR. NIELDS: Admiral Poindexter, I am presenting
17 you with the order of immunity issued by the court today,
18 pursuant to which the House will compel your testimony
19 under immunity.

20 MR. LIMAN: He's already received directions to
21 answer from the Members.

22 MR. NIELDS: I understand. I met them on the
23 way out.

24 MR. LIMAN: Can we mark as Exhibit, Poindexter
25 Exhibit 1 a group of handwritten notes that were just

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1 produced by Admiral Poindexter.

2 They begin with Bates numbers that start with
3 1 and end at 41.

4 (Poindexter Exhibit No. 1 was
5 marked for identification.)

6 BY MR. LIMAN:

7 Q Can you identify what Poindexter Exhibit 1
8 represents?

9 A Yes, I can. They are copies of pages, pertinent
10 pages out of a five-by-seven loose-leaf book that I used
11 to keep my personal working notes. It covers the time
12 period of roughly September, '85, through April, '86.

13 This was a notebook that I carried in my
14 briefcase and in my files that are left in the White House,
15 you should have access to previous pages out of that note-
16 book.

17 When I first came to the White House, I started
18 keeping notes on steno pads. Sometime -- I forget what
19 year it was -- I changed over to this black notebook. I
20 kept notes in it until April of '86. In April of '86, my
21 deputy became ill with cancer. I found that I was so busy
22 that I quit keeping notes with the exception of a yellow
23 pad, and those pages from that yellow pad that I would have
24 used to brief the President on should be in my files in
25 the White House.

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1 Q So that --

2 A When I left the White House in early December, '86,
3 the black notebook was in my briefcase. That's why I happen
4 to have these.

5 Q So that the Exhibit 1 represents all of the notes
6 that you have in your possession responsive to our subpoena?

7 A All of the handwritten notes. The other material
8 you have there is the other material I have that's related.

9 But this represents all of my handwritten notes
10 from my work book.

11 MR. BECKLER: For the record, so it is clear, of
12 course, those notes have been redacted. Material that is
13 not responsive to the subpoena have been redacted out.

14 MR. LIMAN: Did you do the redaction?

15 MR. BECKLER: Myself, Joe Small, and two other
16 members of our law firm did the redaction. As we made
17 clear, John, for your benefit, before you came in, that
18 material -- the unredacted portion, if you will, could be
19 made available for inspection by some appropriate security
20 officer, whenever you want to do it, as well as, once
21 again for your benefit, John, memorabilia-type material.

22 THE WITNESS: As you can tell, my notes in my
23 personal notebook are very cryptic, often, and they were
24 meant at the time as reminders to do things rather than as
25 a record of what happened.

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1 BY MR. LIMAN:

2 Q Did you in the period that you were deputy to
3 Mr. McFarlane take notes at the morning briefings with the
4 President?

5 A I would, and in fact, some of the notes that are
6 in here would fall in that category of comments that I had
7 written down; but I did not in those morning briefings with
8 the President, I generally did not take long, detailed
9 notes. They were more topics covered or questions that were
10 asked that needed to be followed up on.

11 Q What was the purpose of taking the notes?

12 A Just simply to -- if we wanted, to check back in
13 the future to see if the President had been briefed on
14 some particular item or more often than not, it was an
15 action list for me of things to follow up on. If the
16 President would ask some question or the Vice President or
17 Don Regan, and who was often there would ask a question.

18 Q Were the notes intended by you to memorialize
19 decisions that the President made?

20 A NO.

21 Q Or action that was taken?

22 A Generally -- if we were going to present the
23 President with a decision at the 9:30 meeting, we would
24 have a separate paper and a memo associated with that
25 particular issue which would be presented to him. So his

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1 decisions on most issues were handled by paper, often
2 presented and discussed at the 9:30 meeting.

3 Q How did you decide what you would record in the
4 notes and what you wouldn't?

5 A It was a judgment call. It would depend on how
6 much I was participating in the discussion. I frankly
7 find it difficult to participate in a discussion and take
8 notes; and later on when I became National Security Adviser,
9 what I would do is before the 9:30, I would make up an
10 agenda of items that I wanted to discuss with him and then
11 actually during the meeting, I took very few notes.

12 Q Did you ever destroy any of the notes that you
13 took of the meetings with the President?

14 A To the best of my recollection -- I suppose it's
15 conceivable at some point, but not related to your area of
16 inquiry. There should be -- again in the files in the
17 White House or the NSC, meetings -- not so much 9:30
18 meetings, which again was an informal time, but at NSC or
19 NSPG meetings, if I took any notes, those should be in the
20 files that are left in the White House.

21 MR. BECKLER: To state for the record, if I may,
22 the Admiral, of course, has not had access to all his
23 records since he left the White House.

24 BY MR. LIMAN:

25 Q Admiral, were there occasions in the morning

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1 briefings when you chose not to make notes because the
2 subject was one of particular sensitivity?

3 A Yes. That is certainly the case.

4 Q Give me examples of a topic that you would not
5 want to put in your own notes.

6 A Well -- let me go back a moment. Generally I
7 felt that any time we put anything on paper, even if they
8 were personal notes, that it increased the risk of leakage;
9 and during the period of time that I was in the White House
10 from 1981 to -- through 1986, the administration was
11 damaged very many times by leaks. We considered leaks a
12 major problem. To avoid them, my general policy was to
13 commit as little to paper as possible. I think the staff
14 understood that and I generally followed that practice.
15 Every time we put something on paper, invariably it leaked
16 out.

17 Q Where did you keep your notes?

18 A In my office. I had a two-drawer safe in my
19 office. Then I had a safe at home and so my notes would
20 either be in my office safe or in my briefcase or in the
21 safe at home.

22 Q I am going to mark as the next exhibit -- and I
23 will staple them. I will ask you, are they, are there
24 three pages here all part of the same document, or is it
25 the first two? Then I will mark it.

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1 A They are all part of the same document.

2 MR. LIMAN: I will mark as Poindexter 2 three
3 pages which bear the Bates No. 42 through 44. The first
4 page is headed "Operation Home Port Code Sheet."

5 (Poindexter Exhibit No. 2 was
6 marked for identification.)

7 BY MR. LIMAN:

8 Q Can you tell us what Exhibit 2 represents?

9 A Yes. These are copies of I believe two
10 three-by-five cards. One three-by-five card has material
11 on both sides. It is an operational code that Colonel North
12 gave me that he would use if -- when he was traveling
13 overseas or had to talk to me over a non-secure line about
14 sensitive projects he was working on. This is primarily
15 related to the Iranian project.

16 Q Is that what Project Home Port stands for?

17 A I frankly had forgotten that Colonel North
18 was --

19 Q That is a North word?

20 A That is a North word. I didn't give it that
21 name. If he had called me -- actually, in reality, I never
22 use it. I carried it in my briefcase in case I was some-
23 times out of the office, at home or some place, and he
24 called and wanted to talk about a sensitive issue over a
25 non-secure line.

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1 Q Who wrote Sampson Secord?

2 A I did.

3 Q Did you think of Secord as Sampson?

4 A No, not really. As I recall, I wrote that at
5 some point, because as I look down the list, I see Secord's
6 name isn't there. What are you calling him? Colonel North
7 told me Sampson.

8 Q Do you recall when it was that this was prepared?

9 A Oh, boy. I really don't recall, Mr. Liman. It
10 would have been probably sometime in '86.

11 Q Was --

12 A I frankly don't recall.

13 Q Was it also used to communicate on matters
14 relating to the contras?

15 A That's why I was studying it a moment ago. I
16 frankly had forgotten whether there was anything contra-
17 related on it.

18 Colonel North did have a -- he did use similar
19 operational codes for his efforts with the contras.

20 Q Did you have one?

21 A I don't recall having one of those. I possibly
22 could have at some point, but I -- if such a thing existed,
23 it would either be with material I left at the White House
24 or it could have been destroyed some previous time. I did
25 not have anything like that when I left the White House.

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1 Q This does not appear to me to have any of the names
2 of the Central American countries.

3 A In Colonel North's coordination of the Central
4 American effort, he was in contact with the democratic
5 resistance leadership, often over non-secure telephone lines.
6 I believe he used a similar type operational code.

7 MR. BECKLER: May I have a second, counsel?

8 THE WITNESS: Back to one of your earlier questions
9 about destroying personal notes related to this, when I
10 left the White House in early December, I had with me a
11 copy of this exhibit right here that you are going to get
12 to. Maybe I ought to explain it when we get to that.

13 MR. BECKLER: You can explain it now.

14 MR. LIMAN: Why don't we put it as exhibit -- is
15 this the document you just pointed to?

16 THE WITNESS: Yes.

17 MR. LIMAN: Mark this as Poindexter Exhibit 3.
18 (Poindexter Exhibit No. 3 was
19 marked for identification.)

20 MR. SMALL: Would you note the pagination on
21 it for the record? It is pages 53 through --

22 MR. LIMAN: Go off the record a moment, please.

23 (Discussion off the record.)

24 MR. SMALL: We can go back on the record.

25 It would be pages 53 through 75.

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1 THE WITNESS: To finish up the point I wanted to
2 make going back to one of your earlier questions, Exhibit
3 3 -- when I left the White House in early December, I had
4 a copy of what we have now -- you have now marked Exhibit 3.
5 I had that when I retained my attorneys and started -- I am
6 sure we will get into the chronology more later. I had
7 never had an opportunity to go thoroughly through the
8 chronology before I left the White House. In going through
9 it, in talking to my attorneys, I made some marginal notes
10 on the copy that I had in discussion with my attorneys.

11 At some point in the early weeks of December, in
12 discussions with my attorneys, it was decided that it would
13 be better to return that document to the White House and ask
14 the White House to transmit to me formally these documents.
15 That resulted in this --

16 BY MR. LIMAN:

17 Q In the December 5, 1986, letter?
18 Mark that as Exhibit 4.

19 A When I returned the copy of the chronology,
20 Exhibit 3, to the White House, I asked that it be destroyed.
21 I assumed that it was, but I don't know that for a fact.

22 Q Did you ask it to be destroyed because it had
23 notes of conversations or reflecting your discussions with
24 your attorneys?

25 A Exactly, sir.

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1 (Poindexter Exhibit No. 4 was
2 marked for identification.)

3 BY MR. LIMAN:

4 Q Exhibit 4 is a document addressed to Peter
5 Wallison, counsel to the President, from Paul Thompson,
6 and it reflects a request that you made.

7 Is this the request that you are talking about?

8 A That is correct.

9 Q And if we marked as Exhibit 5 -- that is a
10 chronology that has Bates No. 50 through 52.

11 (Poindexter Exhibit No. 5 was
12 marked for identification.)

13 THE WITNESS: Mr. Liman, on Exhibit 5, you
14 have a -- this is a copy of the document that I have. The
15 document -- the copy that I have still in my possession
16 has some notes between some of these lines that I took in
17 discussions with my attorneys in working on the situation
18 and those lines have not been reproduced here.

19 BY MR. LIMAN:

20 Q So those were redacted by you?

21 MR. BECKLER: Those were redacted by us, notes
22 taken during the course of discussions with his counsel in
23 preparing for testimony here and elsewhere.

24 BY MR. LIMAN:

25 Q Is Exhibit 5 one of the documents you got as a

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1 result of your request to the NSC to return a chronology
2 to you?

3 A That's correct.

4 Q So my understanding is correct, you made the
5 request for chronologies and other material that is
6 reflected in the Poindexter Exhibit 4, and in response to
7 that you received Poindexter Exhibit 3; am I correct?

8 A Correct.

9 Q You received Poindexter Exhibit 5?

10 A Correct.

11 Q And you also received the testimony of Mr. Casey?

12 A That's correct.

13 Q And we will mark that as Exhibit 6.

14 (Poindexter Exhibit No. 6 was
15 marked for identification.)

16 BY MR. LIMAN:

17 Q Did you also receive the letter from Chairman
18 Hamilton of November 25, 1986, in response to your request
19 to Commander Thompson?

20 A That's correct. I would like to point out one
21 thing. The letter says enclosed is a transcript. I did
22 not get a copy of that transcript.

23 Q What you got were the questions that are
24 reflected here?

25 A Right.

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1 Q Mark that as Exhibit 7.

2 (Poindexter Exhibit No. 7 was
3 marked for identification.)

4 MR. LIMAN: I am sorry to take the time, but I
5 think so we understand your notes and it may facilitate
6 understanding others that may still be in the file, I would
7 like to just go over Exhibit 1 with you for a moment.

8 BY MR. LIMAN:

9 Q If I look at the page that has the Bates No. 1,
10 it is dated 9/5/85, and has on the top of it ODSM. What
11 does that stand for?

12 A ODSM means Office Directors' Staff Meeting.
13 Every working day I had a -- and before me, Mr. McFarlane,
14 before him Judge Clark, we started in about 1983 to have an
15 NSC staff meeting every morning at 7:30 in the Situation
16 Room. It was called the Office Directors' Staff Meeting.
17 It was not the entire NSC staff, but a senior person from
18 each of the offices.

19 Q This represents a note that you made on the date
20 that is put on top, 9/5/85?

21 A That's correct. They would either be notes that
22 I made during the staff meeting or notes that I made just
23 prior to the staff meeting to remind me to ask a particular
24 question.

25 Q The square block beside the note means that it is

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1 some sort of action item, and when it is X'ed out, it means
2 the action item was done, or in some cases, it could mean
3 it was OBE, overtaken by events.

4 Q Let me look at 3, Bates No. 3. That reflects a
5 note taken on September 25, 1985?

6 A That's a peculiar one.

7 Q It's placed in the book next to a note that is
8 dated 9/23/85 and one dated 9/12/85. So I assume it is
9 1985?

10 A It would be 1985.

11 Q What does it reflect?

12 A It reflects that in a meeting with the President
13 on the 25th of September, 1985, I made a note to myself
14 that the Vice President at that point was unaware that the
15 President planned to meet with some hostage families on
16 Friday of that week, and the note was a note to myself to
17 remind me to tell the Vice President about it after the
18 meeting was finished. It's not X'ed out. So I can't be
19 sure I told him.

20 Q If you had put an X out, that would mean that
21 you had fulfilled the purpose of the reminder?

22 A That's correct.

23 Q I take it that the note which is -- bears the
24 Bates No. 4 reflects your meeting with the President on
25 that date?

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1 A That's correct.

2 Q I just want to go through and see if I understand
3 them.

4 If I look at Nos. 7 and 8, No. 7 just has the
5 ODSM letters on it and a date 11/15/85; and on the next page,
6 there's just a reference to a memo to Bud [REDACTED] What
7 does that mean?

8 A What that means is that I wasn't entirely
9 consistent in dating things as they happened, and as I went
10 through the notebook with my attorneys to decide what was
11 relevant to the subpoena, in order to put a note in a time,
12 frame, the next previous entry that had a date on it was
13 included here for you to indicate the approximate time frame
14 that the note in question was taken.

15 Q Let me see if I understand it. So 007, which
16 just has ODSM, is a redacted page of a meeting of that
17 group on November 15, 1985?

18 A Correct.

19 Q It was redacted to eliminate entries that were
20 not called for by our subpoena?

21 A Correct.

22 Q Then the next page, which is 8, was a page which
23 had no date on it; is that correct?

24 A That's correct.

25 Q So you included the prior page so that we would

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1 have a time context when we looked at 008, which is memoed
2 to Bud [REDACTED] is that correct?

3 A That's correct.

4 MR. BECKLER: The only amendment I have to make
5 is that it may be 008 is not the next page.

6 MR. LIMAN: I understand.

7 MR. BECKLER: It's the next relevant entry to
8 the subpoena. When we went back to pick up the nearest
9 previous date.

10 MR. LIMAN: So if, for example, there were three
11 pages before 008, but they didn't have a date on them --

12 MR. BECKLER: Or relevant entry.

13 MR. LIMAN: Or relevant entry, they wouldn't be
14 included. What you did was go back in time to the entry
15 that had a date and that's what you included?

16 MR. BECKLER: That's correct.

17 THE WITNESS: That's correct.

18 MR. NIELDS: May I inquire?

19 Did you also include the next succeeding date?

20 MR. BECKLER: I don't believe so.

21 MR. SMALL: Not unless it included relevant
22 information.

23 MR. NIELDS: Then I need to ask this question:
24 Was there an entry for every date or almost every date?

25 THE WITNESS: That's a subjective judgment.

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1 At this point, without going through the notebook, but I
2 would say that most working days, Monday through Friday,
3 when we had the ODSMs, the ODSM was the thing that I most
4 likely made some sort of entry on each day; but some days
5 I would forget to bring my notebook down and it would be
6 on a loose piece of paper, I might make some notes.

7 BY MR. LIMAN:

8 Q In general, there were daily notes for the week
9 days; is that a fair statement?

10 A That's correct.

11 Q When you looked at the dates that precede the
12 notes that you have here, they are -- in your opinion --
13 in close proximity to the note that you have undated?

14 A That's correct.

15 MR. NIELDS: Would it be true in your judgment
16 on most occasions -- well, let's just take Nos. 007 and
17 008 of Exhibit 1. I take it it would be your best judgment
18 that the note on page 007 related to the 15th of November?

19 THE WITNESS: The way I would explain it,
20 Mr. Nields, is that the note on page 8 was shortly either
21 on the 15th or shortly within a day or two after the
22 15th.

23 MR. NIELDS: Could you make available to us
24 the redacted page with the next succeeding date written
25 on it?

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1 MR. BECKLER: Yes.

2 THE WITNESS: I don't have any problem with that.

3 BY MR. LIMAN:

4 ^{OF DECA} Admiral, when it says on 008 "memo to Bud [REDACTED] ^{MULLINS}

5 [REDACTED] can you tell by looking at that whether that means

6 a PROF memo?

7 A My best recollection, placing this in the time
8 frame of the 15th of November, is that Bud was in Geneva.
9 McFarlane was in Geneva with the President at the Gorbachev
10 summit. I probably wrote this note as a reminder to task
11 Colonel North to prepare a memorandum for Mr. McFarlane on

12 [REDACTED]
13 The X means I told Colonel North to do it.

14 Q If I look at Bates No. 10, there is no date on
15 that. But I see there was an entry that was relevant on
16 11/25/85; is that correct?

17 A Correct.

18 Q So there would not have been another date with --
19 between that 11/25/85 and the undated entry which is
20 No. 10?

21 A That's correct.

22 May I volunteer something here?

23 Q I am looking at 11. Right.

24 A In terms of understanding my notebooks, senior
25 staff meeting was the meeting that Don Regan had at 0800

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1 every weekday; and sometimes I took notes at that meeting
2 if there was something in our area being discussed.

3 Q What is -- on 12/5/85, I see DOM. What does that
4 mean?

5 A At some point --

6 Q That is No. 12.

7 A That is the same meeting, the senior staff
8 meeting. At some point apparently in that general time-
9 frame, the senior staff meeting was changed to daily
10 operations meeting.

11 Q On 12 -- following that 12/5, there's something,
12 "meeting with President, Iran finding." Am I correct?

13 A That is correct.

14 Q That would mean since this one has no date,
15 that it followed in very close proximity to December 5,
16 1985?

17 A Yes, sir. That's correct.

18 Q I want to come back to this in some more detail.

19 A I understand.

20 Q That will be later.

21 Can you tell me now what it means?

22 A That means that this was the -- probably the
23 day after the President named me to succeed Mr. McFarlane
24 as the National Security Adviser. The President announced
25 that, I believe, on the 4th of December, '85.

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1 So on the 5th, it would probably have been the
2 first day that I was directly responsible for the 9:30
3 meeting with the President.

4 The note here -- the redacted note -- is a list
5 of items that I planned to discuss with the President at
6 the 9:30 meeting, and one of the items that I wanted to
7 discuss with him was the Iran finding. There are several
8 other entries that are unrelated to your subpoena on that
9 day. The asterisk meant that it was something -- an item
10 I wanted to be sure, although not the first item on the
11 list, it was the one I -- it was -- I wanted to be certain
12 that I covered it. I can't be sure that I talked to him
13 about it, because of the fact that I don't have any other
14 entry there.

15 I am confident that most likely I did discuss
16 the -- a finding on the Iranian project with the President
17 and it was probably on the 5th of December.

18 Q I'm going to want to go into more detail about
19 that. I hope you have a good recollection on it.

20 A I'll try.

21 MR. BECKLER: May I interrupt and ask you a
22 question?

23 MR. LIMAN: Yes.

24 MR. BECKLER: In terms of the transcript, are
25 you going to make it available to us? The reason I asked,

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1 you make it a lot easier on me.

2 MR. LIMAN: I am going to seal it for the time
3 being just so we don't get it out. At some point, I will
4 take that request seriously.

5 I am not trying to play games. I do generally
6 let counsel come and inspect the transcript and the witness,
7 obviously.

8 BY MR. LIMAN:

9 Q On 20, it says "Talk to the President." Does
10 this mean the briefing?

11 A No. This note is a little bit different. You
12 want me to explain what that note is?

13 Q Yes.

14 A On -- well, the holiday season, Christmas season,
15 of 1985, the President was in Santa Barbara on his ranch.
16 My -- as I recall, my deputy was out there with him at the
17 time. I was back in Washington, in order to have some
18 time to think about how I was going to run the office and
19 having just taken over as National Security Adviser.

20 The page 20 that is headed with the inscription
21 "Talk to the President," is a list -- it's a relatively
22 long list of items that I made up probably on the way to
23 the West Coast on an aircraft of things that I needed to
24 talk to the President about in the next few days. One of
25 the items that I wanted to talk to him about was an Israeli

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1 proposal that had been made to me by Amiram Nir, the
2 special assistant to Prime Minister Peres/ on terrorism.
3 Nir had come to see me on the 2nd of January. Those notes
4 that you have there are the notes of items that Nir
5 covered in his conversation with me and that I wanted to
6 cover with the President.

7 Q Let me ask you on one item here, it says "covert
8 finding." This is on 22. "Already pregnant for 500."
9 Okay. Do you want to tell us what that means? Save my
10 friend here a question.

11 A What that means is I wanted to discuss with the
12 President a refinement of an early version of the finding
13 and I wanted to -- as we will get to, I am sure, the
14 finding went through several versions. I was never happy
15 with the earlier version, and I wanted to get a broader
16 finding in which we clearly laid out all of our objectives.

17 Q Admiral, was the earlier finding signed?

18 A It was signed.

19 Q It was signed?

20 A It was signed.

21 Q Thank you.

22 A Already pregnant for 500 means that we had
23 already -- at this point, let me say agreed or acquiesced
24 to the shipment of, at that point, we thought it was 500
25 TOWs. As it turns out, it was probably 508 TOWs in

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1 August and September of 1985.

2 Q But I take it -- and I don't want to put words in
3 your mouth, and I know you will not hesitate to tell me
4 I am wrong. "Already pregnant for 500," what that means is
5 you had already approved the 500 sale. Here Nir was
6 proposing a much larger sale, and that's what the reference
7 was?

8 A That's correct.

9 Q And we will cover this chronologically as we go.
10 Is 23 part of this same note? No. This says Saturday,
11 January 4.

12 A Yes. In fact, this note is a very puzzling
13 one. I am not, without access to other records, I'm not
14 really able to explain what that means. But this was --
15 this is actually on a separate page. It is unrelated to --

16 Q It says "interaction with hostages?"

17 A Yes. I rather think what it was -- and again,
18 I'd have to go back, but at that point, we were working
19 on some -- I can't think of the right word -- sanctions
20 against Libya, because of their involvement in terrorist
21 activity.

22 The note "interaction with hostages," at the time
23 we were worried about what impact our sanctions on Libya
24 might have on the hostages.

25 Q If you don't mind, I would really like to go

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1 and start a little earlier.

2 MR. NIELDS: That's fine.

3 BY MR. LIMAN:

4 Q One other document I did not mark -- would you
5 mark as Exhibit 8 the final group of papers that the
6 Admiral produced which bear the Bates No. 46 through 49.

7 (Poindexter Exhibit No. 8 was
8 marked for identification.)

9 BY MR. LIMAN:

10 Q What is Poindexter 8?

11 A It is a copy of a printed version of a PROF
12 note I sent Mr. McFarlane on the 23rd of November, 1984.

13 Q Why did you happen to have it with you?

14 A Because I had it with, what I call, my memora-
15 bilia. It was a note to Mr. McFarlane at the -- after the
16 Presidential election in November of 1984 in which I was
17 describing to Mr. McFarlane my views on how we generally
18 ought to proceed in the next term.

19 And at that point, both Mr. McFarlane and I were
20 individually considering whether we would offer to ^{stay} ~~say~~ on
21 into the next term with the President. Those are some
22 personal views of mine to him.

23 I kept them because, frankly, I was proud of my
24 analysis as to why I thought we both ought to ~~stay~~ and
25 how we ought to proceed.

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1 Q And there was some rather trenchant criticism
2 of some cabinet officers there?

3 A There is. It is obviously a very sensitive
4 memo I would not like to see made public.

5 Q I take it that is one of the reasons that you
6 kept it as a personal paper?

7 A That's correct.

8 Q Is it fair to say that when you and Mr. McFarlane
9 were discussing whether you could, you should stay on, one
10 of the factors was the conflict within the cabinet?

11 A That's correct.

12 Q And it was a matter that was bothering both of
13 you?

14 A That's correct.

15 Q Which brings us to how the NSC ended up with such
16 a brief as it had in the contra matter.

17 Admiral Poindexter, do you recall that in the
18 fall of 1983, Congress appropriated \$24 million for aid
19 to the contras?

20 A Yes. I don't remember that precise date, but
21 I do recall that they did appropriate some money.

22 Q I will represent to you it was \$24 million.

23 A Fine.

24 Q Do you have a recollection at all, Admiral, that
25 it was known the \$24 million would not last the whole year

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1 and the administration would have to go back for more
2 money?

3 A Well, I don't recall specifically remembering
4 that, but let me just say in general, we had a constant
5 battle with the Congress in getting funds that we thought
6 were required in order to bring about a resolution of the
7 situation in Nicaragua. The President's policy was to
8 prevent the consolidation of a communist government on the
9 mainland of the Americas and to do that, we thought the
10 most effective way of doing it was to support the democratic
11 resistance down there, commonly called the contras.

12 We wanted to be able to provide them all sorts
13 of assistance, including military assistance. I can't
14 recall right now whether the \$24 million is what we asked
15 for. I rather think we probably asked for more.

16 Q You always do.

17 A Yes. Or at least if we didn't ask for more,
18 we wanted to ask for more but thought that the traffic
19 would only bear \$24 million.

20 Q Do you remember, Admiral, that at some time
21 in the -- in 1984, in the winter of 1984, you became aware
22 that the amount that had been appropriated for the contras
23 would be running out in around May or June?

24 MR. VAN CLEVE: Excuse me. So the record is
25 clear, you said the winter. I think you meant the spring.

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1 MR. LIMAN: I think they did it in the winter.

2 THE WITNESS: You are talking January, February,
3 '84?

4 BY MR. LIMAN:

5 Q Yes, that you received information the funding
6 was not going to last through the year?

7 A I won't refute that, but I frankly can't
8 remember.

9 Q You need the documents to refresh yourself?

10 A Yes.

11 Q Do you remember --

12 A We no doubt did, because -- I'm not sparring
13 with you. I simply can't remember that time frame very
14 well.

15 But we were concerned very early on that we
16 didn't have really enough money to provide the kind of
17 assistance that we thought was necessary.

18 Q Who is we?

19 A Well, I think it was Mr. McFarlane, it's me,
20 it's Colonel North, who is working the issue. Probably
21 the President, Secretary of Defense. I'm not sure in that
22 time frame I could speak for the Secretary of State. But
23 Director Casey probably felt that way. Generally the
24 Executive Branch of Government felt that we didn't have
25 enough money to do what was needed.

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1 Q Did you participate in meetings of the Legisla-
2 tive Strategy Group at the NSC?

3 A Sometimes. But the -- the Legislative Strategy
4 Group was not an NSC organization.

5 Q A White House organization?

6 A It's a White House organization. Originally
7 set up by the -- the concept was set up by Jim Baker when
8 he was Chief of Staff. The membership was somewhat movable
9 in that it was always the Chief of Staff, the Assistant
10 to the President for Legislative Affairs. If it was a
11 piece of legislation that we were working on that involved
12 national security, then the National Security Adviser was
13 there. Once in a while, the responsible cabinet officers
14 would be there.

15 Q Were there any --

16 A In addition to the Legislative Strategy Group,
17 of course, we -- the NSC staff did their homework prior to
18 these meetings. So we would have some internal meetings
19 of our own.

20 Q Were there discussions of how to make up whatever
21 shortfall there would be in contra financing?

22 A There probably were, but let me put this into
23 context. Until -- well, from October of '83 until January
24 of '86, I was the Deputy National Security Adviser.

25 Although we didn't -- Mr. McFarlane and I didn't have a

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1 formal -- and by that I mean spelled out in some sort of
2 paper, our division of responsibilities, but generally my
3 responsibilities were in the area of chairing various
4 interagency groups such as the Crisis Preplanning Group,
5 the Terrorist Incident Working Group, later on when we
6 established the Planning and Coordination Group. These
7 were all interagency groups that consisted of membership
8 from all of the departments and agencies involved in
9 national security at the deputy or under secretary level
10 of Government.

11 I, as deputy, also handled most of the routine
12 paperwork, only referring to Mr. McFarlane those issues
13 that had to go to the President or to Congress. He
14 handled all of the congressional activity for the while he
15 was the National Security Adviser. A lot of these meetings
16 of the Legislative Strategy Group on the question of the
17 legislation for the contras, I did not participate in
18 directly. And so the information I have is based on
19 reports and --

20 Q Even secondhand, what were you told as to how
21 you were going to make up the shortfall?

22 A In the time frame you are asking about, I can't
23 be any more specific.

24 Q Let's broaden the time frame. From the time that
25 the contra funding was running out in 1984 until \$100 million

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1 was appropriated by Congress in 1986, what were the discus-
2 sions that you were aware of as to how to make up the short-
3 fall?

4 A Thinking back over that time period within the
5 past few months, and trying to reconstruct in my mind what
6 happened, my first recollection is that at some point in
7 1984 -- frankly, when I try to think back on it, I can't
8 recall whether it was '84 or '85, but it was probably in
9 '84 -- Mr. McFarlane told me that [REDACTED]

10 [REDACTED] was willing to provide -- I believe the
11 figure was \$25 million over a period of time.

12 MR. BECKLER: Let me interrupt on that point.
13 The purpose of this closed session, the Admiral has no
14 problem giving that sort of information to you. When we
15 get to an open public session, you may have to have a
16 discussion about that, because it is still the position of
17 the Admiral -- and I am -- that certain matters, though
18 public, though they have been made public, take on a
19 different context when they are announced publicly.

20 MR. LIMAN: The issue of the contributions that
21 were made by different states is one that we are discussing
22 with the relevant authorities in terms of the public
23 disclosure issue. This is a closed session. Let's
24 proceed.

25 THE WITNESS: Could I just add one point?

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1 BY MR. LIMAN:

2 Q Right.

3 A My concern is it seems to me there is a difference
4 with -- between speculation in the press or even reports
5 in the press that, for instance, [REDACTED] contributed
6 money. There is a difference between that kind of disclo-
7 sure and having me --

8 Q Make an official confirmation?

9 A -- make an official confirmation.

10 Q You are not going to be one of the first
11 witnesses. This issue will be resolved before we get there.

12 A Good.

13 Q Go ahead.

14 A I tried to recall that conversation with
15 Mr. McFarlane more precisely. That's really all I can
16 recall.

17 Q Were you present at any briefing with the
18 President where Mr. McFarlane communicated that information?

19 A I may have been, but I don't remember that.
20 I tried to recall. It is certainly my impression at this
21 point in time that I was always operating under the
22 assumption that Mr. McFarlane had briefed the President
23 on [REDACTED] contribution.

24 Now, with regard to the question as to whether
25 it was solicited or whether he offered it, I unfortunately

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1 can't resolve that in my own mind.

2 Q You weren't present?

3 A I was not present for the meeting.

4 Q Were you asked to -- ever, to solicit any funds
5 from any third countries?

6 A In early 1986, I had several discussions with
7 Director Casey and Secretary Shultz about identifying
8 third countries that might be willing to contribute funds
9 to the support of the democratic resistance. Out of those
10 discussions came the decision that the Secretary of State
11 made to approach the Sultan of Brunei. So although -- I
12 don't think I could say that anybody ever asked me or
13 told me to solicit funds from a third country, but I was
14 certainly involved in discussions about doing that; and,
15 in fact, I instigated or encouraged the review as to what
16 were the various possibilities in early 1986.

17 Q What were the various possibilities of getting
18 funding?

19 A That's right. From third countries. We consi-
20 dered a whole range of countries.

21 Q You considered [REDACTED]?

22 A [REDACTED] was one. We thought about --

23 Q [REDACTED]
24 A [REDACTED] We thought about [REDACTED] We

25 thought about Israel. We thought about South American

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1 countries.

2 Generally, we covered to some degree most of our
3 allies around the world in thinking about who might be
4 willing to contribute.

5 Q Who were the we?

6 A Well, as I said, I had discussions with Director
7 Casey about it; also with Secretary Shultz; Elliott Abrams
8 called me at one point and said that they were pretty well
9 settled on Brunei as a good possibility.

10 Secretary Shultz was going on a trip out to
11 Southeast Asia in that time frame and the question was
12 whether or not -- the question that Elliott Abrams and
13 the Secretary were working on at the time was whether the
14 Secretary should approach the Sultan of Brunei. It was
15 my understanding that he had decided to do that, as I
16 recall, and this may be since I left the White House and
17 have read about it in the paper or someplace. My under-
18 standing is that Secretary Shultz didn't, but that the
19 State Department directed our ambassador to Brunei to ask
20 the Sultan at some point after that.

21 Q At the time --

22 A Just to follow more on Brunei, the conversation
23 that I can recall with Secretary Abrams was when he called
24 to tell me that they had pretty well settled on Brunei,
25 he asked if the Sultan agreed, how do we get the money to

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1 the democratic resistance; and I asked that he talk to
2 Colonel North about those details.

3 Q Can you tell me --

4 A Now, one more point.

5 Q Fine.

6 A I think -- at least my impression at this
7 point is that the subject of third country support was
8 probably discussed during that time period in a restricted
9 IG, which was the interagency organization that was set
10 up probably '81 or '82 to manage the U.S. Government's
11 program in Central America.

12 Q Were you on that RIG?

13 A No. I was not on that IG.

14 Q Who was on that RIG?

15 A Initially -- well, Colonel North would be my
16 straightforward answer, but I am not certain whether he
17 started out when the RIG was first step up in the early
18 years or not. Certainly at some point in '82 or '83,
19 Colonel North became the NSC representative on the
20 restricted IG.

21 Q To whom did Colonel North report on the activities
22 there?

23 A Colonel North's position was in the -- wasn't
24 this way in the very beginning, but at some point, in --
25 after Bill Clark took over in '82, we formed an office

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1 called the Political Military Affairs Directorate. Colonel
2 North was one of the officers in that directorate. It was
3 designed to have a group of political/military experts
4 that would operate as a member of a team on the -- most all
5 issues that the NSC staff addressed were handled by a group
6 of people from the NSC staff, a representative from the
7 regional office, a representative from the Political
8 Military Affairs Office, if there was any military aspect
9 to the office, and usually a representative from the
10 Public Diplomacy^{cy} Office, maybe the Intelligence Office
11 if it was an intelligence or covert action.

12 But we may have -- there may have been other
13 NSC members attend those restricted IG meetings, but the
14 way I looked at it, I looked to Colonel North was being
15 our representative over there.

16 The original head of the Political Military
17 Affairs Directorate was Mr. Don Fortier when I was deputy.
18 Eventually he moved up to be my deputy when I became the
19 National Security Adviser. We operated for a period of
20 time in '86 without a head of the Political Military
21 Affairs Office.

22 Eventually, at some point in '86, I made
23 Mr. Howard Teicher the head of the ^{Political} Military Affairs
24 Directorate. So technically, that was the chain of
25 command. We had Colonel North in the Political Military

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1 Affairs Directorate. There was a head of that most of the
2 time. Then above him you had the deputy and then the
3 National Security Adviser. But as I am sure it has been
4 obvious to you, Colonel North worked on a lot of very
5 sensitive projects. On Central America, when Mr. McFarlane
6 was there, Colonel North reported really directly to him,
7 keeping me generally informed of what he was working on and
8 when I became National Security Adviser, I had the same
9 sort of arrangement and it was understood by the inter-
10 vening people in the chain of command that Colonel North
11 had direct access to the National Security Adviser.

12 Q That brings me to a question. Do you recall
13 that you gave Colonel North a code word that he could use
14 to communicate directly with you?

15 A It is a poor choice of words.

16 Q It was "blank check"?

17 A "Private blank check."

18 Q What occasioned you --

19 A What does it mean?

20 Q No. What occasioned you to give him that?

21 A One of my first responsibilities when I first
22 came to the NSC staff as military assistant to Richard
23 Allen when he was the National Security Adviser was to
24 bring the NSC staff into the modern technological age.
25 When I came, we didn't have any computers. I think there

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1 were one or two mag-card typewriters on the entire staff.
2 So eventually, to make a long story short, we installed this
3 professional office system which is -- it is an IBM product.
4 Eventually practically every staff member on the NSC staff
5 had a terminal. The terminals were connected up to a
6 mainframe operated by the White House Communications Agency.
7 Each staff member had the ability to send and receive
8 electronic messages.

9 One of the reasons we put that in was that I
10 found that we were wasting a terrible amount of time
11 playing telephone tag trying to communicate on the staff.
12 It was a secure system. Eventually we installed a facility
13 that while we were on the road traveling, we had portable
14 terminals that would hook into that system. So it didn't
15 make a difference whether I was in my office or at home or
16 on the road someplace; I could always come back into the
17 main computer and send and receive messages to the staff.

18 In 1985, I believe, when we -- we had operated
19 with the system for the first couple of years in a rather
20 limited way. Once we began to give everybody terminals
21 in the front office, we realized that we would -- if we
22 weren't careful, we would be inundated with messages. So
23 we put some software restrictions into the system so that
24 Mr. McFarlane and I could send out messages to anybody on
25 the staff directly and these messages would go directly to

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1 the staff member, and nobody else, unless we copied them,
2 would have access to those notes.

3 The reverse was not true. Every staff member
4 could not reply or send a message, originate a message
5 directly to Mr. McFarlane or to me. We provided the
6 administrators of this system a list of people that could
7 reply directly. They were generally the senior people
8 on the staff. Everybody else's messages would go -- would
9 be ^{intercepted} ~~interrupted~~ by the executive secretary and his deputy.
10 They would either take action on them or forward the notes
11 on to Mr. McFarlane and/or me. And then we would reply.

12 Now, if we sent a staff member a note directly,
13 the system was designed in such a way that the staff member
14 could reply directly and that note would not be ^{intercepted} ~~interrupted~~
15 by the executive secretary. This procedure was not greeted
16 with great enthusiasm by the staff because everybody wanted
17 to have direct access. And so Colonel North was working
18 on some very sensitive issues for us, terrorism, hostages,
19 Central America, the Iranian project eventually. So
20 rather than change my direction as to who could communi-
21 cate back, the way I got around the system that I installed,
22 was responsible for installing, was to send Colonel North
23 a PROF's note. The subject was "Private Blank Check."
24 I said, If you want to respond directly to me or, if you
25 want to send me a note directly and nobody else can see it,

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1 then respond to this note. So he kept that note in his
2 system. When he wanted to reply directly, he sent it.

3 MR. LIMAN: Mark as the next exhibit a PROF
4 note from the Admiral to Colonel North dated August 31, 1985.

5 (Poindexter Exhibit No. 9 was
6 marked for identification.)

7 THE WITNESS: That is the note I just described.

8 BY MR. LIMAN:

9 Q What occasioned you on August 31, 1985, to give
10 Colonel North this direct access to you? Why on that date?

11 A I can't be certain.

12 Q Was it the Central American affairs that did it?

13 A It could be a -- it could be that. It could be
14 hostage negotiations. [REDACTED]

15 [REDACTED] But I rather think that what precipitated
16 it was that that was probably the time frame in which we
17 instituted this software control in the system that would
18 have his messages intercepted. That probably is more
19 related to the time frame than any other particular event.

20 Q Do you recall that in August of 1985, there had
21 been some inquiries from the Hill about Colonel North's
22 activities on behalf of the contras?

23 A Yes. I do recall that in 1985 there were
24 inquiries from Michael Barnes of Maryland and Lee Hamilton
25 of Indiana, who was Chairman of the House Intelligence

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1 Committee at that time.

2 Q Was giving Colonel North this direct access
3 related in any way to the inquiries that you had been
4 getting from the Hill about his activities?

5 A Well, indirectly, yes.

6 Q How?

7 A It is related in that we -- I felt, and I think
8 Mr. McFarlane felt the same way, that what Colonel North
9 was doing in terms of supporting the democratic resistance
10 was within the letter of the law at the time, although
11 obviously very sensitive, very controversial. We wanted
12 to avoid more restrictive legislation, and so any activity
13 that he would have been involved with on Central America,
14 we wanted to keep very highly compartmented.

15 So that very likely played a role in my deciding
16 to do that. Whether those particular letters that you are
17 referring to precipitated that note, I would doubt it.
18 But generally, the concerns that we had about keeping
19 compartmentalized and keeping very closely held Colonel
20 North's activities would have been an obvious factor in it.

21 Q Did you discuss with Mr. McFarlane the fact that
22 you were giving North this direct access?

23 A I don't believe I did.

24 Q Do you know whether or not Colonel North had
25 that kind of code-word direct access to Mr. McFarlane?

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1 A I don't know, but I would doubt it because I don't
2 think Mr. McFarlane understood how the system worked in that
3 level of detail.

4 Q Did you give such a -- if I can use it -- a
5 code word to anybody else on the staff?

6 A I don't recall giving a code word like that to
7 anybody else. However, there was one other staff member
8 who worked in the counterintelligence area who often replied
9 to me or -- by reply, I mean he actually replied to one of
10 my PROP's notes. He was originating information that was
11 coming to me. It was coming directly, using the same
12 technique.

13 Q Had he done that earlier?

14 A Had he done it earlier?

15 Q Is that where you got the idea from?

16 A No. No. It's just that I knew how the system
17 worked. I am kind of a computer buff.

18 Q Who was the other staff member?

19 A His name is David Majors.

20 Q Okay.

21 A His notes were completely unrelated to your
22 issue, but in the counterintelligence area.

23 Q Tell me, in August, 1985, as you best recall it,
24 without getting into detail, what were the issues that
25 North was working on?

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1 A In August of '85? He was working on the Central
2 America issue, keeping the contras supported. He was working
3 on the Vice President's task force on countering terrorism.
4 He was working on the hostage issue. He was working in
5 August of 1985 -- I don't think he was working on the
6 Iranian project in August of '85. I don't think he came
7 into that until November of '85.

8 Q Is there a priority among these matters that he
9 was working on that you characterize?

10 A Well, I would certainly have considered the most
11 important thing he was working on Central America. I don't
12 recall we actually prioritized it.

13 Q A moment ago you said he was working on keeping
14 the contras -- if we can call the resistance forces contras
15 without it being intended to have any pejorative meaning,
16 because it doesn't for me, I think it would be simpler.

17 A I understand.

18 Q You said a moment ago he was working on keeping
19 the contras supported. What does that mean? What was he
20 doing, as you understood it?

21 A Let me go back to the reference I made earlier
22 to [REDACTED] contribution. I believe -- his involvement
23 in keeping the contras supported may have started before
24 that, but as near as I can recall, that was kind of the
25 initiating action that brought Colonel North so heavily

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1 into this area.

2 After Mr. McFarlane told me that [REDACTED]
3 was willing to provide funds, Colonel North had been working
4 Central America. I believe that Mr. McFarlane asked, or
5 directed Colonel North to oversee this transfer of funds
6 from [REDACTED] to the contras; and by oversee, I mean keep
7 track that the money indeed did get transferred, keep track
8 of how the money was being spent, what the logistics
9 status of the democratic resistance was, you know, what
10 sort of arms did they need, what sort of arms were they
11 getting. I don't know at this point at what time Dick
12 Secord entered the picture; but it could have been in the
13 same general time frame.

14 The contras didn't have a good logistics organi-
15 zation. Of course, as long as the CIA was primarily
16 responsible for managing the program, they did that. They
17 managed the logistics system; but once the Boland Amendment
18 passed and the CIA had to get out of that business, in
19 effect, my view of the situation was that Colonel North
20 took over primary responsibility for making sure that that
21 logistics system functioned.

22 Q If you can continue, including the role of
23 Secord, I would like you to. Why don't you just do it
24 without the questions. Just tell us.

25 A I will. There's just an awful lot of material

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1 here.

2 Q Just keep going.

3 Why don't you, in your own words, tell us the
4 story of what happened, as you recall it and see it, in
5 the whole contra matter.

6 A All right. When we were confronted with the
7 problem of carrying out the President's policy, which,
8 frankly, I personally endorsed, I have always thought the
9 President was right, but with the restrictions that were
10 placed on us by the various versions of the Boland Amend-
11 ment, we tried to figure out a way to keep the contras
12 alive as a viable force until we could eventually win
13 the legislative battle. And I am sure, as you know, the
14 history of the legislative battle went back and forth
15 several iterations.

16 At some point, we did get, from the Intelligence
17 Oversight Board, an opinion that the more restrictive
18 version of the Boland Amendment didn't apply to the NSC
19 staff. This is in the Tower Commission Report. There
20 was the caveat that possibly Colonel North, because he
21 was a detailee from the Defense Department, might be
22 prohibited; but, frankly, I thought -- and I think
23 Mr. McFarlane felt -- that that was a debatable point.
24 Very frankly, we were willing to take some risks in order
25 to keep the contras alive, as I said, until we could

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1 eventually win the legislative battle.

2 So, for all intents and purposes, Colonel North
3 largely took over the -- much of the activity that CIA
4 had been doing prior to their being prohibited from carrying
5 activity because of the Boland Amendment. *out*

6 When I say "carrying out all activity," obviously,
7 one person can't do everything that [REDACTED] CIA
8 people were doing.

9 One other point here; I think this is important.
10 I don't mean to be pejorative or critical of Colonel North,
11 because I have the highest regard for him. But Colonel
12 North did have a tendency to be a little bit expansive
13 in describing things. As you read through the PROF's notes,
14 he uses the word "our" and "we." I am not trying to
15 distance myself from that, but I think you are going to
16 need to be very careful, if I can offer advice, in
17 analyzing exactly what he did or what somebody else was
18 doing and he was reporting it as we and our. At least,
19 that's the filter that I used as I read Colonel North's
20 reports.

21 But in '84 or '85 -- I am sure it was '84, but
22 again, I can't place the time exactly -- but we looked at
23 what sort of ways that we could support the democratic
24 resistance through nonappropriated funds. By that, I mean
25 funds from private parties, from third countries. I can't

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1 recall specifically conversations with the President.
2 Possibly, in earlier time frames, prior to September of '85,
3 where my notes that I have just given you this morning
4 cover the time period, conceivably in my older notes there
5 may be references there that could shed some light on
6 when issues were specifically discussed with the President.

7 But let me just say that the President, I've
8 always felt was generally aware of the fact that the contras
9 were receiving private sources of funds and funds from
10 third countries.

11 On [REDACTED] I have told you how that came
12 about. We were obviously -- Mr. McFarlane and I were,
13 as I said earlier, very sensitive to the fact that the
14 specifics of how the democratic -- the contras were being
15 supported, not become widely known. We kept the issue
16 highly compartmented.

17 At one point, Mr. McFarlane told me that
18 General Vessey, the Chairman of the JCS, called him one
19 day and indicated to him in some way that he was aware
20 that [REDACTED] had provided \$25 million. Frankly,
21 Mr. McFarlane and I were surprised that General Vessey
22 knew that. We speculated as to how he might know that.
23 Again, not because we thought it was illegal, but because
24 we knew it was sensitive, [REDACTED]
25 [REDACTED] and

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1 we knew their sensitivity if it leaked out that they were
2 helping with Central America. [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]

6 So we were very sensitive to that. I did, after
7 Mr. McFarlane told me that, I had the occasion to meet
8 with [REDACTED]. He invited me to come out to his
9 residence one evening to talk generally about the Middle
10 East. I met with him out there at his residence. In that
11 conversation, I indicated to him -- and this was the first
12 time that I had talked to [REDACTED] about the [REDACTED]
13 contribution to Central America. In fact, when I raised
14 it, he wasn't aware that I knew; but I told him about the
15 conversation that General Vessey had had with Mr. McFarlane
16 and I posed the question as to how General Vessey knew
17 about it. He indicated that it had happened inadvertently.
18 He had told him, but he assumed General Vessey knew about
19 it.

20 So going back to one of your earlier questions,
21 I did talk to [REDACTED] out at his residence on that
22 occasion. I believe -- well, that may not have been the
23 only time that I talked to him about it. [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED] felt that
4 the strength of the President in this country was very
5 important to their security and even though they might not
6 always agree with us, that it was important that at least
7 publicly, that they be very supportive. [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]

11 So in addition to the third country issue -- and
12 originally, it was only [REDACTED] There were other *the (S)...*
13 countries involved which I will get to.

14 At some point in this early time period, when we
15 were faced with how to support them, there was a concerted
16 effort on the NSC staff and in other offices in the White
17 House such as the Office of Public Liaison, Pat Buchanan's
18 Communications Office, the -- probably the Legislative
19 Affairs Office would have been involved in some of the
20 discussions about how to energize private support in the
21 United States for the contras. This was how to get the
22 information about what was happening in Nicaragua out to the
23 American people, get private groups organized to contribute
24 funds.

25 I, frankly, don't recall that we really made

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1 any big distinction about how the funds would be used,
2 whether they would be used for military assistance or
3 humanitarian aid. I wasn't directly involved in many of
4 those early discussions that took place; but in terms of
5 hearing reports and secondhand information, my recollection
6 at this point is not strong that we made a real distinction
7 between how the assistance from private sources would be
8 used.

9 The President's view in general was that private
10 support to the contras was an appropriate thing. I can
11 recall conversations with him in which he recalled the
12 other times in the history of the United States when private
13 individuals had supported foreign conflicts before the
14 U.S. Government would get involved. I can recall he would
15 recall the Lincoln Brigade, the Lafayette Escadrille and
16 other examples of where private American citizens provided
17 support for a foreign conflict. He felt that that was
18 entirely appropriate.

19 So we worked on in that time period a general
20 plan on how to energize the private sector. Various events
21 were planned and set up where you would have private groups
22 come into the White House. The Office of Public Liaison
23 usually set these up. They would be briefed by a series
24 of administration spokesmen and members of the NSC staff
25 would often participate. Colonel North would talk to these

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1 groups sometimes. Constantine Menges, who worked in the
2 NSC Regional Affairs Office, would talk to them. We would
3 get speakers from the State Department, the Defense Depart-
4 ment, generally speaking, that were expert in the Latin
5 American area.

6 At one point we planned and executed the
7 President's participation in a dinner for one of the outside
8 organizations that was working to provide support to the
9 democratic resistance.

10 Then Colonel North often would go out and speak
11 to assemblages of people that were pulled together; and as
12 I generally understand -- I never participated in one of
13 those groups just simply because my whole time on the NSC
14 staff/ I have tried to maintain a low profile and also
15 the press of other business.

16 To put all this in context, of course, and I
17 am sure you are aware, I was working on hundreds of other
18 issues. This was an important part of the President's
19 priorities, but not the only one. But anyway, the best
20 I can explain what would happen in these outside private
21 groups is that, for instance, with Colonel North's involve-
22 ment, is that a group would be assembled by a private
23 organization of some kind. He would go speak to them
24 in terms of what was happening in Nicaragua, who the
25 contras were, what their objectives were, and generally

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1 try to develop support and -- at least as reported by
2 Colonel North to me -- I don't believe he ever directly
3 solicited, but he would leave the podium and then the
4 organizers of the private organization would do whatever
5 soliciting took place.

6 Now, since I have never attended any of those,
7 I can't be sure, but I think Colonel North, you will find,
8 hopefully at some point, is a very honest, straightforward
9 person. So I don't have any reason to question what he
10 told me.

11 We were always on the lookout for private or
12 third-party contributions. At one point, General Singlaub
13 made a trip to Asia and I frankly am not certain of the
14 origins of that trip, but as a result of his trip out there,
15 I can recall that Colonel North reported to Mr. McFarlane
16 and to me that a representative of the [REDACTED] had
17 approached Colonel North and asked the question as to
18 whether General Singlaub was out there representing the
19 U.S. Government or whether this was a private effort, and
20 did the United States want [REDACTED] to do anything.

21 The answer that Mr. McFarlane approved Colonel
22 North's passing back to [REDACTED] representative was a very
23 carefully crafted answer. It was something to the effect
24 that General Singlaub was out there as a private U.S.
25 citizen and with regard to their question as to whether

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1 the U.S. Government wanted them to support the contras,
2 that -- the answer to that was that [REDACTED] clearly under-
3 stands the President's policies with regard to Nicaragua
4 and the Sandinista government and the democratic resistance;
5 end of response.

6 At either about the same time or shortly there-
7 after that, I believe Colonel North also reported that a
8 representative of [REDACTED], as a result of
9 Singlaub's trip out there, came and asked a similar
10 question. Colonel North was authorized to pass back [REDACTED]

11 [REDACTED] essentially the same answer.

12 Let me also, to put this in perspective, we were
13 not completely naive about this in that on the one hand,
14 we wanted to get support for the democratic resistance,
15 but we didn't want to become obligated to a third country,
16 and they could then use that as leverage. So our general
17 position was if they wanted to contribute, fine; but we
18 weren't going to directly put the arm on them to do that.

19 Now, other sources of funding, at one point --
20 and I believe it was sometime in 1985 -- Colonel North
21 came to me and reported that there was a Saudi businessman
22 who claimed to be a Prince and he wanted to contribute
23 some funds to the democratic resistance; and I don't recall
24 the exact circumstances, because, you know, this was a
25 passing comment, but my recollection is that the Saudi

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1 businessman either -- something to do with a green card,
2 either he had a green card or -- and it was expiring or he
3 wanted to get a green card or something. He wanted some
4 help in getting that. [REDACTED]

5 [REDACTED] We didn't -- I didn't
6 recognize the name. But on that incident, I told Colonel
7 North to check out who the man was and if we could be of
8 assistance on the green card and the guy checked out, to go
9 ahead and see if we could help. I don't recall getting a
10 report after that as to what finally transpired until I
11 read that recently in the paper.

12 General Secord, obviously, plays a very big
13 part in this. I'm very fuzzy on the origination of that.
14 As the Tower Commission Report points out, I think probably
15 Colonel North met General Secord when we were back in 1981,
16 when Colonel North first came to the NSC staff and we were
17 working the AWACS issue for Saudi Arabia. But as -- when we
18 reached the point that the CIA was restricted as to what
19 they could do in terms of supporting the contras and because
20 the contras didn't have a -- any sort of logistics organi-
21 zation of their own, Colonel North, to carry out his
22 general responsibilities, had to figure out a way to
23 privately arrange a logistics organization.

24 I don't recall being involved in the decision
25 to use General Secord, but when I learned of it, I had no

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1 problem with it. I was an admirer of General Secord's,
2 thought he was a very competent, capable officer, and also
3 didn't see any problem with it because he was doing this
4 as a private individual.

5 I would suppose with hindsight / that he probably
6 became involved when [REDACTED] money began to flow to the
7 democratic resistance and the problem arose as to how to --
8 for the democratic resistance to use that money to obtain
9 arms and ammunition and the other supplies and stuff that
10 they needed. I am sure Colonel North will have a better
11 recollection of the exact details there. But I understand
12 from the reports that Colonel North made to me that
13 generally the way it worked is that General Secord either
14 had or set up several companies that essentially ran the
15 logistics organization for the democratic resistance
16 going all the way from procuring arms from third countries
17 with funds that were available from whatever source,
18 private or third party, and then transporting those arms
19 and supplies from their third-country location to the
20 Central America area, including direct parachute drops
21 into contra units that were in Nicaragua. That's a
22 pretty --

23 Q An overview?

24 A An overview of early years.

25 When we got into the \$27 million of humanitarian

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1 aid and the setup of the Nicaraguan Humanitarian Affairs
2 Office, we, of course, agreed to that compromise with the
3 Hill. In fact, with hindsight, I think we made a tactical
4 error in agreeing to that kind of limited support, because
5 frankly that limited support wasn't going to do it. And
6 the restrictions that were placed on us in administering
7 that humanitarian assistance, the restrictions being that
8 only the State Department -- we couldn't involve the CIA
9 and Defense Department people in it. There was a terrible
10 problem of how to get those humanitarian supplies in to the
11 contras, especially those that were in-country.

12 So I'm not certain of this, but I think Dick
13 Secord probably got involved and probably using Colonel
14 North as liaison with the Humanitarian Affairs Office,
15 when the Humanitarian Affairs Office couldn't get stuff
16 delivered any other way. I wouldn't doubt but what you
17 will find that General Secord was involved in transporting
18 some of that humanitarian aid down there as well, using
19 the same logistics system that he had set up for the
20 private third-country aid that was going down there.

21 Colonel North kept very close contact with the
22 contra leadership, not only in terms of their logistics
23 but also in terms of getting organized as a more effective
24 political entity. He met with the democratic leadership
25 often and I think was largely responsible for getting them

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1 to organize the United Nicaraguan Opposition Organization,
2 getting them to focus on what their objectives were. The
3 leaders, Adolfo Calero, Arturo Cruz, and Adolfo Robelo --
4 and sometimes you will see in my notes a shorthand AAA, and
5 that refers to those three leaders. He maintained very
6 close contact with them. Colonel North maintained close
7 contact with Secord.

8 So my view of the operation was that Colonel
9 North was the switching point that made the whole system
10 work. You know, what he got involved with directly or
11 somebody else did is a little fuzzy in my mind, but clearly
12 I viewed Ollie as the kingpin to the Central America
13 opposition once the CIA was restricted.

14 Q How much did the President know of this?

15 A Well, that's a little hard to tell for me. I
16 think the President was clearly aware that Colonel North
17 was the primary staff officer on the NSC for the democratic
18 resistance.

19 Colonel North would have participated in probably
20 several meetings with the President. Certainly when the
21 AAA came up to meet with the President, Colonel North would
22 be in those meetings. He would be in any NSC and maybe some
23 of the NSPG meetings that were held on Central America, so
24 the President would see his face on any event associated
25 with Central America.

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1 Colonel North would -- once in a while -- would go
2 up to the 9:30 meetings if he had something to report about
3 Central America.

4 The President is not a man for great detail,
5 which I think everybody is aware. It wasn't a matter we
6 would brief him in great detail on, where all the funds were
7 coming from or exactly -- although there is one note in
8 there. Right after I took over as -- after the President
9 named me, but in December of '85, Mr. McFarlane was still
10 technically the National Security Adviser. We deemed -- by
11 we, I mean the NSC staff recommended to me, I agreed, and
12 the President agreed that I should make a quick trip to
13 Central America. So on -- it was around the 9th or 10th
14 of December, I flew down to Panama one night and the next
15 day flew back up through Panama, Costa Rica, El Salvador,
16 Honduras, Guatemala, and then gave the President a debriefing
17 of that the following day. The note of that debriefing is
18 in the material I provided to you today.

19 In that note, I did give him a rather thorough
20 briefing of the situation in Central America. In each
21 country, I met with our people in-country, the ambassadors
22 and their staffs, and with the military leadership, and in
23 some of the countries, I met with the political leadership.

24 It was a very quick trip, but we felt, we thought
25 that it was very important that with the change in the

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1 National Security Adviser, that the Central American
2 countries understand we weren't changing any of our policies
3 in Central America.

4 As a result of that, from those notes, you will
5 see I did give him a rather detailed briefing. [REDACTED]

6 [REDACTED]
7 [REDACTED]
8 [REDACTED] - our access, and by our, I
9 really mean General Secord's access to that airstrip [REDACTED]

10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 I met with him and thanked him, and from my notes
14 there, you will see that I did brief the President on that
15 level of detail.

16 We would keep the President up to date on
17 roughly how many democratic resistance we thought were
18 in-country, in Nicaragua, how many were in [REDACTED] the
19 general activity level. But the general broad view of the
20 situation down there.

21 Q When you just referred -- and I don't want to
22 break up your stream of consciousness, you are talking about
23 Exhibit 1, the page 16 where it refers to [REDACTED]
24 real estate.

25 A That's what that refers to.

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1 Q That's when you told the President about the fact
2 that [REDACTED] had agreed to make available the
3 airstrip for the Secord operation?

4 A That's correct. I don't recall now whether I
5 actually mentioned General Secord's name to the President
6 or not, but it would have been described to him as the
7 private effort to support the democratic resistance.

8 Mentioning that point reminds me -- the only time
9 I can recall mentioning General Secord to the President
10 was sometime in '86. It would have been when we were
11 talking about the Iranian project. I recall saying some-
12 thing to the effect that General Secord is a real patriot.
13 It's too bad we can't recognize all that he has done. So
14 the President should be aware of the name, but the President
15 probably would not be aware of exactly who General Secord
16 was or exactly what he was doing.

17 MR. NIELDS: Are you saying then that he would
18 not have known that General Secord's name was associated
19 with the contras?

20 THE WITNESS: The contras? I doubt if he would
21 be aware of that. It is possible that Mr. McFarlane in
22 the early days or in '86 -- I would have mentioned his name
23 in connection with the contras, but I can't recall that.

24 BY MR. LIMAN:

25 Q When you referred to General Secord as a great

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1 patriot to the President, you were referring to his activities
2 on the Iranian initiative?

3 A Specifically.

4 Q Why don't you keep going.

5 A Okay. In the -- well, see, kind of trying to keep
6 this in chronological order. There was always a lot of
7 speculation as to what Colonel North's involvement was,
8 speculation in the press. Obviously a lot of telephone
9 conversations took place over the years over non-secure
10 telephone lines. That was bothersome [REDACTED]

11 [REDACTED]
12 [REDACTED]
13 knowing what a controversial issue it was in
14 the United States, it would be to their advantage to expose
15 that if they could figure that out.

16 We surmised that a lot of the information that
17 was leaking out was disinformation, some of it prompted by
18 partial truths. [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 I remember at the time cautioning Colonel North
2 about minimizing his telephone calls, not talking in plain
3 language, and it may very well have been that my discussions
4 with him about that prompted the -- his use of the opera-
5 tional codes; [REDACTED]

6 [REDACTED]
7 In the fall of 1985, we were able to get in the
8 legislation at the time some relief from some of the
9 restrictions. In fact, that was a turning point and why
10 I openly discussed with director Casey and Secretary Shultz,
11 as I related before, efforts to identify third countries,
12 because we felt that the way the legislation was changed,
13 that the State Department and the CIA could get involved
14 in at least identifying third-country support.

15 Also in early 1986, we were anticipating the
16 expiration of the \$27 million in humanitarian aid and it
17 was going to expire, I guess, the end of March. And as
18 I recall, there was a provision in the legislation that
19 the President at that point could come up and request
20 additional assistance. So we were working on the legis-
21 lative plan to come up to the Congress in the early spring
22 of 1986 to ask for \$100 million to include military assis-
23 tance. We spent a lot of effort on that legislative plan,
24 including a public diplomat's plan to try to go with it to
25 explain the President's policy again to the American public.

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1 We also knew at that time that even if -- well, we
2 were rather confident we could win the vote in both the
3 House and the Senate at that point. I had also decided
4 that I wasn't going to compromise. Either we were going
5 to get what we were asking for this time or we wouldn't
6 accept anything less than what we wanted. As it turned out,
7 we got what we wanted. At least, we got fairly early on,
8 we got a vote in the House and we got a vote in the Senate;
9 but then, due to the legislative process up on the Hill,
10 and I think it was primarily the House leadership resisted
11 taking the issue to conference, and so we didn't actually
12 get the \$100 million until the Continuing Resolution in
13 October of '86.

14 But going back to the beginning of '86, and
15 I am keeping my comments now primarily in the Central
16 America area, the obvious connection comes in about this
17 point. After the Presidential Finding was signed on 17
18 January, and we were proceeding ahead with the Iranian
19 project, at some point Colonel North came to see me. My
20 best recollection is it was probably in February. It could
21 have been after that, but I believe it was in February.
22 He came into my office. He would have been the only
23 person there, and gave me a status report on the Iranian
24 project, and as I said, we had been working on the legis-
25 lative plan, but we say that we were going to run out of

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1 money before we could get the \$100 million and the Sandinistas
2 were being supplied a large amount of Soviet equipment. We
3 were especially concerned about the HIND helicopters
4 because they are so effective in that kind of -- that
5 insurgency because of their mobility. We were frankly
6 concerned about the abilities of the contras to survive
7 until we could get the \$100 million.

8 Colonel North was not only working the Iranian
9 project, but he was also, obviously, as I have told you,
10 working Central America. After he finished his briefing
11 on the status report of the Iranian project, he said,
12 "Admiral," or words to this effect, "I think I figured out
13 a way to provide some funds to the contras out of the
14 Iranian project."

15 My impression at this point of the conversation
16 was that it was clear to me that these were third-country
17 or private-party funds that would result from the arms
18 sale to the Iranians and he said, "I would like to proceed
19 ahead with it." I said, "Well, let me think about it for
20 a few minutes."

21 I thought about it. I felt that it was in terms
22 of supporting and implementing the President's policy, that
23 it was entirely consistent.

24 The President really never changed his policy
25 with regard to supporting the contras since the early

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1 decision back in 1981. It seemed that this method of
2 financing was completely consistent with what we had been
3 doing in terms of private parties and third countries.

4 I knew that it would be a controversial issue.
5 I had at that point worked with the President for about
6 five-and-a-half years, and for three of those five-and-a-half
7 years, very directly, meeting with him many times a day,
8 often spending hours every day with him.

9 So I not only clearly understood his policy,
10 but I also thought I understood the way he thought about
11 issues.

12 I felt that I had the authority to approve
13 Colonel North's request. I also felt that it was, as I
14 said, consistent with the President's policy, and that if
15 I asked him, I felt confident that he would approve it.

16 But because it was controversial, and I obviously
17 knew that it would cause a ruckus if it were exposed, I
18 decided to insulate the President from the decision and
19 give him some deniability; and so I decided -- I told
20 Colonel North in that meeting, after thinking about it
21 for several minutes, to go ahead and proceed ahead with
22 it, that it was a method of essentially providing bridge
23 financing to the democratic resistance until we could get
24 the legislation passed, and I decided at that point not
25 to tell the President.

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1 I didn't tell Colonel North that I was not going
2 to tell the President, so I don't believe -- you know, the
3 President and I would be the only ones that can -- that know
4 the answer to that question, because I have met with the
5 President privately. I recognize that it would be a lot
6 easier on me now if I had told him, but honestly, the facts
7 are I did not tell him.

8 Q You didn't tell him then or at any other time?

9 A Or at any other time until the 25th of November.

10 Q That's the first time you told the President?

11 A That's the first time I told the President.

12 Q You say you realize it would be a lot easier
13 on you if you told the President. Would you explain what
14 you mean?

15 A What I mean is that I think that he would -- if
16 I had told him at the time, and this was part of my thinking
17 process at the time, was that I was very confident if I
18 had told him about it and asked his permission to do it, he
19 would probably have agreed.

20 Q All right.

21 A It would now be, you know, his responsibility
22 rather than mine.

23 Q Let's just follow that through. You realize if
24 the Independent Counsel considers that the decision to use
25 money from the arms sales for the contras to be a crime,

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1 that you have now said that you made the decision without any
2 express authority from your Commander in Chief?

3 A That's correct.

4 Q And you realize that you have therefore deprived
5 yourself of the defense that you discussed it with the
6 President and that the President approved this?

7 A I understand that very well, Mr. Liman.

8 Q And I want to be sure, because this is obviously
9 a question that is on the minds of a number of people. And
10 I'm not trying to take away legal defenses in terms of
11 your apparent authority, Mr. Beckler. I see you are ready
12 to jump in. You realize that this is an important issue
13 in the investigation.

14 You are an Admiral; correct?

15 A Correct.

16 Q The President is your Commander in Chief?

17 A Correct.

18 Q Are there some things that in order to protect
19 the Commander in Chief you would lie about?

20 A No. At this point, there are not. I do feel --
21 well, let me put it this way.

22 I always felt as the National Security Adviser --
23 and this goes back to -- well, I had two commissions.
24 I think it is important that that be understood. I had
25 a commission not only as a naval officer, as a flight

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1 officer, an Admiral in the Navy; but I also had a commission
2 as assistant to the President. I always tried to keep those
3 two positions in my mind at least separate. That's frankly
4 one of the reasons I haven't appeared in uniform. I think
5 this is a political issue. I was essentially in a political
6 position. I was still covered by the Hatch Act, but I
7 haven't been out involved in partisan political activity.

8 And I felt that as an assistant to the President,
9 I had the authority to make those kinds of decisions. It
10 was a judgment call. It was, you know -- clearly it was
11 an important decision. But, as I said, I always felt that
12 it was completely consistent with other methods of financing
13 the contras and -- but obviously knew that it would be
14 controversial.

15 Q Where did you think the money was coming from?

16 MR. NIELDS: Wait a minute. Did you get an
17 answer to your question. You may have, but I am not sure.
18 I think he asked you whether there were items, you are an
19 Admiral --

20 THE WITNESS: That I would lie about now?

21 MR. NIELDS: To protect your Commander in
22 Chief?

23 THE WITNESS: I recognize I have immunity now
24 with the exception of perjury or making a false statement.
25 What I am telling you are the best facts to the best

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1 of my knowledge and so at this point, even to protect the
2 President, I would not lie about it.

3 BY MR. LIMAN:

4 Q Did you --

5 A But the point I wanted to make is that the way
6 I viewed my position as assistant to the President at the
7 time was that one of my responsibilities was to protect
8 the President; and I felt that I was protecting him in
9 this regard by not talking to him about it, because I felt
10 confident that he felt so strongly about the support of the
11 democratic resistance and preventing the consolidation
12 of that communist government, that he would have approved
13 it.

14 Q Did you participate in the preparation of
15 inaccurate chronologies in order to protect the President?

16 A No. I did not. The chronology was prepared
17 at my direction. I read in the Tower Report that Don Regan
18 thinks that he requested it. He may have at some point,
19 but when we came back from California in early November of
20 1986, and I saw that it was going to be a problem, and
21 because we had minimized the written record at my direction,
22 on the whole Iranian project, because of the danger that I
23 saw of leakage to a very sensitive project here that
24 involved human lives, the possible opening to the Iranian
25 government, which would have clearly mixed reviews, it was

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1 important that we prevent leakage and premature exposure
2 of it. But once the information began to leak out of the
3 Middle East, due to the factional infighting in Iran, I
4 realized that we needed a source document in the White
5 House that laid out as best we could precisely what had
6 happened.

7 So my direction to Colonel North was to prepare
8 a chronology that was an accurate reflection of what
9 happened.

10 Now, both he and I were at a disadvantage of not
11 being directly involved in the first few months of the
12 Iranian project, starting from the time period in July
13 of 1985 through November. So I asked him to contact
14 Mr. McFarlane and try to get from him his best recollection
15 of the first few months of the project.

16 And when I tasked Colonel North to prepare the
17 chronology, either at that time or within a day or two
18 later, I made it clear to Colonel North that the chrono-
19 logy should be factual and lay out what happened with
20 the exception of the contra -- the transfer of funds to
21 the contras, which I viewed at that point as a separate,
22 although obviously related, but as a separate issue.
23 That was never intended to be in there. The chronology
24 was prepared not to be a public document. It was still
25 classified. It went through several iterations.

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1 You know, if you recall the time period, we were
2 being beaten about the head and shoulders in the press and
3 we didn't have many written records. I frankly don't
4 believe that Colonel North recalled that he had the --
5 that he had saved the PROF's notes. My personal policy
6 was that about once a month, I erased all of my PROF's
7 notes because I always considered the PROF system as a
8 working document system, not part of the official record,
9 and routinely about once a month went in there and erased
10 it. I assumed other people were doing the same thing.

11 So preparing the chronology was not an easy
12 task.

13 Q Admiral, the chronology put forward the notion
14 that oil-drilling equipment was shipped in November,
15 didn't it?

16 A That what?

17 MR. NIELDS: Oil-drilling equipment.

18 BY MR. LIMAN:

19 Q That oil-drilling equipment was shipped in
20 November; correct?

21 A That's correct.

22 Q You knew that it was Hawks; correct?

23 A That's correct.

24 Q For whose protection was that cover story put
25 in the chronology?

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1 A Well, let me make one main point. That is that
2 I never felt that the chronology was a finished document
3 during the whole time. In fact, I had not had an oppor-
4 tunity to thoroughly read the chronology before I left
5 the White House.

6 Now, the issue -- we thought and the President
7 thought that he could remember what had happened on the
8 early shipments in August and September of 1985. And,
9 in fact, in press backgrounders that I gave during that
10 time period, in one of the press backgrounders, I indicated
11 that there had been one prior shipment that we had acquiesced
12 to; but, frankly, when I gave that press backgrounder, for
13 example, I could not -- we are talking about events that
14 happened a year before. I had not been directly involved
15 in setting them up.

16 My memory of that time period was very fuzzy.
17 But the week of 17 November, as we were preparing to
18 brief the Hill in more detail on what had happened, it
19 became clear that Mr. McFarlane's recollection as to what
20 had happened in November of 1985 was different from
21 Secretary Shultz' recollection.

22 So on Thursday the 20th of November, Ed Meese --
23 I asked Ed Meese to join Director Casey and I as we sat
24 down to go over our respective briefings of the two
25 Intelligence Committees the following day, on Friday.

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1 At that point, we realized that we didn't have
2 all the facts on what had happened in November of 1985.
3 It was clear to me that it wasn't -- at that point, it was
4 clear to me that it wasn't oil-drilling equipment but we
5 frankly -- I did not have it at my fingertips at that point,
6 all the facts.

7 So in the meeting, we decided that the following
8 day, on Friday, that Director Casey and I would both say
9 that there had been some shipments by the Israelis in
10 November of '85. We still weren't clear on all the facts
11 and we were still investigating that. So that part of the
12 chronology was not used.

13 Q That's really not what I am getting at, Admiral.

14 Admiral, you pride yourself on the fact that you
15 have a relatively good memory; is that fair to say?

16 A Fair. I can't remember specifics sometimes.

17 Q But you were personally involved in some aspects
18 of that Israeli Hawk shipment; is that correct?

19 A Right. That's correct.

20 Q And that --

21 A At least from the standpoint of -- well, it
22 would be helpful probably at this point for me to go
23 over --

24 Q Let me just ask. You were told in November
25 that the Israelis were shipping Hawks; am I correct?

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1 MR. NIELDS: Get the right year.

2 MR. LIMAN: November of '85?

3 THE WITNESS: Yes. With hindsight, as I can
4 explain to you in a little bit, I was aware in November
5 of '85 that Hawks were being shipped.

6 BY MR. LIMAN:

7 Q And that was not an everyday occurrence in terms
8 of your responsibilities? That the Israelis would send
9 Hawks to Iran?

10 A Well, that's certainly true.

11 Q Are you saying that in November of '86, you had
12 forgotten it?

13 A That is the honest fact. I could not remember --
14 I mean a lot of water had passed over the dam since then.
15 I had been heavily involved in working on other issues,
16 arms control, U.S.-Soviet relations. I could not remember
17 what had happened in November of '85.

18 In November of '85, as I pointed out earlier,
19 we had the Geneva summit. Mr. McFarlane was in Geneva
20 with the President. I was holding down the office back
21 here. One day I recall getting a call from Commander
22 Thompson who was with Mr. McFarlane at the time and saying
23 something to the effect that Mr. McFarlane had called
24 Colonel North and asked him to help with an Israeli
25 aircraft problem. And, as I recall, Commander Thompson

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1 was talking on a non-secured line so it was a very cryptic
2 conversation. I had -- after that, I asked Colonel North
3 to come over to find out what it was and part of this that
4 I am recalling to you now was based on a refreshing of my
5 memory by Colonel North in November of '86, a year later.

6 But because he had a -- he had one of his note-
7 books in which he -- an old notebook in which he was
8 briefing me on a conversation that he had had with me in
9 November of '85. From that conversation -- from his
10 debriefing November of '86 of the conversation in November
11 of '85, a year previous, it was clear that we knew that
12 there were Hawk missiles in that shipment. But when I did
13 the press backgrounder, and when the early version of the
14 chronology was prepared, I frankly could not remember what
15 had happened in November of '85; but, as I said, on that
16 Thursday, prior to Director Casey and I talking to the
17 Hill, it was clear that -- see, because at that point
18 Mr. McFarlane was saying that we didn't know weapons were
19 aboard. At that point, I think that I knew that we did
20 have weapons aboard, and Secretary Shultz -- his recollection
21 of the conversation was that we knew. So because neither
22 Colonel North and I had been directly involved in the
23 events of early November, '85, and exactly what was known
24 ahead of time, Director Casey and I decided that the best
25 thing to do on briefing the committees on the following

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1 day was simply to say that we knew there had been a shipment
2 in November of '85 but we were still trying to collect
3 all the facts on it.

4 Q Are you --

5 A So it was at that point I knew that the oil
6 drilling part in the chronology was not correct, but again
7 the chronology at that point was not intended to be a
8 finished document and it certainly wasn't intended to be
9 a public document.

10 So at least as far as I am concerned, Mr. Liman,
11 there was no effort on my part to create a fictitious
12 story in that chronology with that particular entry.

13 MR. BECKLER: It might be helpful if we clarified
14 the chronology, in other words, the date of the chronology.
15 The only chronology in evidence right now is that dated
16 November 20, 1986. That obviously talks about 18 Hawk
17 missiles to Iran [REDACTED] on November 25.

18 MR. LIMAN: We are talking about the earlier
19 one. Admiral Poindexter knows what I was referring to.

20 Can you mark as the next exhibit a PROF note
21 dated November 20, 1985, to the Admiral from Colonel
22 North.

23 (Poindexter Exhibit No. 10 was
24 marked for identification.)

25 MR. NIE: This is clear, the

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1 chronology which Mr. Beckler just referred to, which has
2 been marked as an exhibit, states on page 6 that at the
3 time of the shipment we were assured that the Israelis
4 were going to try oil-drilling parts as an incentive and
5 the reference to 18 Hawk missiles comes in a paragraph
6 that begins, "In January, we learned the Israelis had
7 learned the proprietary aircraft to transport 18 Hawk
8 missiles."

9 MR. BECKLER: No. There is an 11/20/86
10 chronology.

11 MR. NIELDS: That's the one I am reading from.

12 MR. BECKLER: The numbered portion which I
13 think -- there is a chronology of events. Do you see this
14 portion?

15 MR. NIELDS: Let's get the number.

16 MR. VAN CLEVE: I think you are reading from
17 a different document, Mr. Beckler. What's the Bates
18 number?

19 MR. BECKLER: 00050.

20 MR. NIELDS: Mine is 00053, which has been
21 marked as an exhibit. I was reading from page 6.

22 MR. BECKLER: Excuse me. This is exhibit --

23 BY MR. LIMAN:

24 Q Would you look --

25 MR. BECKLER: Wait a minute. Wait a minute.

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1 Exhibit No. 5. No. 5.

2 MR. NIELDS: That's the one I was reading from,
3 the historical chronology?

4 MR. BECKLER: No. Chronology of events.

5 MR. NIELDS: I was referring to the document
6 marked 11/20/86, 2000, historical chronology.

7 MR. BECKLER: I was referring to the chronology
8 of events.

9 MR. NIELDS: Which is dated a half an hour
10 earlier.

11 MR. BECKLER: Correct. 1930.

12 BY MR. LIMAN:

13 Q Did you receive this PROF note?

14 A I probably did. Frankly, it is so long ago
15 I can't remember. I assume that I did.

16 Q Am I correct that it states -- starts by saying
17 the Israelis will deliver eight modified -- eight mod --

18 A Eighty.

19 Q Eighty mod --

20 A Modified Hawks.

21 Q [REDACTED] at noon on Friday, November 22.

22 These 80 will be loaded aboard three chartered aircraft
23 owned by a proprietary which will take off at two-hour
24 intervals for Tabriz; correct?

25 A Right.

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1 Q Then it goes on to say, in the third paragraph,
2 "replenishment arrangements are being made through the
3 Ministry of Defense purchasing office in New York City.
4 There is, to say the least, considerable anxiety that we
5 will somehow delay on their plan to purchase 120 of these
6 weapons in the next few days. I am awaiting your instruc-
7 tions. I have told their agent that we will sell them
8 120 items at a price they can meet. I further told them
9 that we will make no effort to move on their purchase" --
10 what does LOA mean? LOA request?

11 A Letter of agreement.

12 Q -- "letter of agreement request until we have
13 all five American citizens safely delivered. In short,
14 the pressure is on them."

15 This is not the ordinary message that you
16 would receive? That's fair, isn't that, to say?

17 A Well, it certainly is not an ordinary message.

18 Q In two aspects. Didn't this message, first,
19 the hope that you would get the hostages back?

20 A Yes.

21 Q Yes?

22 A Yes.

23 Q And the hostage matter was ^{of} some concern to the
24 President?

25 A A great deal of concern.

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1 Q And it also involved shipping Hawks to Iran;
2 is that correct?

3 A That's correct.

4 Q And we had been trying to discourage other
5 governments from shipping arms to Iran; is that right?

6 A That's correct.

7 Q And so here you are getting a PROF note from
8 North telling you that we were not only facilitating the
9 shipment of these Hawks to Iran by Israel, but we were
10 going to replenish the Israeli stocks; is that right?

11 A That's correct.

12 Q And are you -- just let me make it clear. Are
13 you saying that in November of 1986, that you thought that
14 what was in the shipment to Iran were oil-drilling parts?

15 A What I am saying, Mr. Liman, is that up until --
16 I did not have access to this PROF's note in November of
17 1986. As I said, my policy was to erase my PROF's notes
18 about once a month. What I am saying is that in the
19 early weeks of November of 1986, I could not recall what
20 had happened in November of 1985.

21 Again, you know, part of the reason for that,
22 I am sure, is that I was not involved with the decisions
23 with the Israelis at that point. I was not involved in
24 discussing the matter with the President. I had missed
25 a major NSPG meeting in August of 1985, because I had been

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1 on leave during -- during an important NSPG meeting that
2 discussed this issue.

3 So even, though acting in Mr. McFarlane's stead,
4 while Colonel North and I were back here, I did get
5 involved in November of 1985. In the early weeks of
6 November of 1986, I could not remember this series of
7 events.

8 Q So you are saying that this left no imprint
9 on your memory?

10 A No. Clearly it was part of the Iranian project.
11 I obviously was very familiar with the Iranian project
12 from December of 1985 on; but those first few months of
13 the Iranian project did not leave an indelible image on
14 my memory as to what happened.

15 Now, as the days of November of 1986 wore on,
16 and Colonel North did go back at one point and dig out
17 one of his old notebooks and read to me some briefing notes
18 that he had used, we did not pull up, for instance, this
19 old PROF's note in November of 1986. As I said, I doubt
20 seriously if Colonel North realized that all of his PROF's
21 notes were still saved.

22 Q But I am not asking you about PROF notes in terms
23 of what you pulled out. I am asking you about your memory.
24 Because even if this PROF note didn't exist, the question
25 is whether this was an unusual enough event in your career

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1 that it would have left some imprint on your mind in
2 1986?

3 A You know, it clearly didn't. I must say that
4 the statement about the oil-drilling equipment also
5 didn't ring any bells, and I doubt^{ed} seriously if that was
6 accurate.

7 The chronology, as I said, went through several
8 iterations. The first version of the chronology I can
9 recall getting at about 30 minutes before I was to be
10 down in the situation room with the President to brief
11 the congressional leadership on the general outlines of
12 the program; and I did not have time to read that version
13 of the chronology before that briefing.

14 With the press of other events, as things went
15 on, I never had a chance to sit down and go through this
16 until that Thursday that Ed Meese and Bill Casey and I met
17 to discuss the briefings to the congressional committees
18 the following day.

19 And at that point, I realized that the chronology
20 was very delinquent in that area. I frankly was annoyed
21 about it, because I had not only told Colonel North to
22 work with Mr. McFarlane on figuring out what had happened
23 in 1985, but I had made it a point of inviting Bud down
24 to a lunch in the White House at which Dr. Keel, my
25 deputy at the time, sat in on the lunch. The whole purpose

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1 of the lunch was to ask Bud to prepare a memorandum for
2 record that would have covered the first few months of the
3 project in 1985.

4 For one reason or another, Bud had declined to
5 do that. He didn't tell me he wouldn't do it. But, as a
6 matter of fact, he didn't do it. I felt very inadequate
7 in terms of laying out what the facts were during July,
8 August, September, October and November of 1985.

9 Q Admiral, even after the shipment of Hawks took
10 place --

11 A Right.

12 Q -- did you not get reports from Colonel North
13 in 1985 and in 1986 that the Iranians were unhappy with
14 the Hawks they received?

15 A Absolutely.

16 Q So that this shipment had not only run into
17 logistics problem in [REDACTED] but had ended up creating
18 a problem in Iran; correct?

19 A Absolutely. In fact -- maybe I haven't made
20 myself very clear here. But in November of 1986, I was
21 aware that Hawk missiles had been shipped by the
22 Israelis to Iran in November of 1985. But what we were
23 trying to lay out in the chronology was the sequence
24 of events that happened. I wasn't sure in the first few
25 weeks of November of 1986 that indeed we were aware when

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1 the shipment was being planned that they contained Hawks.
2 As my recollection improved during November of '86, and
3 especially after Colonel North had pulled out one of his
4 old notebooks, it was clear that in November of '85, that
5 we knew well ahead of time that there were Hawk missiles
6 aboard. But, you know, it was -- I guess this isn't a
7 very good excuse, but November of 1986 was a very confusing
8 time for us.

9 Q Was there any effort in November of 1986 to put
10 out a cover story?

11 A Not as far as I was concerned, Mr. Liman.

12 Q Whether it was to protect the lives of the
13 hostages or protect anything else, was there any desire
14 that you expressed to anyone to put out a cover story?

15 A There was no effort to mislead anybody that I
16 endorsed or initiated in November of 1986. Now, there
17 was concern about the hostages. There was a concern on
18 my part of the damage that the revelation of this was
19 going to do in terms of the possibility of preserving
20 the channel that we had developed to the Iranian government;
21 and so during the first few weeks, the President's press
22 conference, and the speech that he made on national
23 television, yes, there was an effort there not to lay out
24 all the details. We wanted to -- especially during -- the
25 point of the speech which I recall came first, we wanted to

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1 withhold the fact that -- of Israel's direct involvement
2 and to put out frankly as little information as we could
3 in those early days of November.

4 Yes. That was clearly an effort, because we
5 were concerned about the safety of the hostages and I was
6 concerned about preserving that channel to the Iranians.

7 In fact, as November wore on, we continued to
8 maintain contact with the Iranians even as late as after
9 the President's press conference. We were nurturing that
10 along, hoping to manage it in such a way that we wouldn't
11 completely damage the channel. And so there was a concern
12 on our part at least in terms of public statements of
13 laying out all the facts; and so to that extent, yes, we
14 were withholding information. But there was never any
15 effort on my part to mislead or deceive anybody.

16 You know, you or somebody else could interpret
17 withholding information as misleading, but -- I guess
18 that's a judgment call.

19 Q I was putting --

20 A I don't view it that way.

21 Q I was addressing myself to representing our
22 knowledge as being -- that the shipment involved oil-
23 drilling equipment when it involved Hawks. That is what
24 I was addressing myself to.

25 A I frankly think, you know -- I know that I

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1 didn't provide any direction to do that, to create a
 2 fictitious story there. Looking back on it, I think, as
 3 best I can speculate what Colonel North was trying to do in
 4 the chronology was initially to lay out the situation as
 5 it happened. I don't know. I haven't talked to Ollie.

6 Q Since when?

7 A Since -- we had a lunch with --

8 MR. SMALL: Well --

9 BY MR. LIMAN:

10 Q Have you talked to him alone, without your
 11 counsel being present?

12 A I have not.

13 Q Since when?

14 A Since the day that I left -- let me just be
 15 sure I am absolutely right here.

16 The best of my recollection, the last time I
 17 talked to Ollie alone or in private was by telephone on
 18 the 25th of November.

19 Q Admiral, if you look at this exhibit that is
 20 in front of you, it has an update. Look at the paragraph
 21 that says "Update as of 1810." RCM is who? Mr. McFarlane?
 22 the first page. I am sorry. I apologize and I will --

23 A Update as of 0920.

24 Q Before I turn to that, let me just make sure
 25 I covered something. Now, based on what you have to

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1 leave.

2 Let me go back to this matter of using the
3 funds from the arms sales.

4 MR. NIELDS: Don't go back. Stay with this.
5 I have a few things I want to ask.

6 MR. LIMAN: I would like to mark as the next
7 exhibit, No. 11, a two-page PROF note that bears our Bates
8 No. N-28626 from Colonel North to you.

9 (Poindexter Exhibit No. 11 was
10 marked for identification.)

11 MR. LIMAN: Take your time in reading it.

12 THE WITNESS: Okay.

13 BY MR. LIMAN:

14 Q You recognize that as another PROF note you
15 received from North?

16 A I don't, again, at this point recall receiving
17 it in time, but it looks like I did receive it and I
18 probably did.

19 Q It describes the efforts that General Secord
20 was making to get this flight through; right?

21 A Right.

22 Q If you look down on the update as of 1810, it
23 says "Robert McFarlane contacted [REDACTED] at
24 1730 [REDACTED] has agreed to have aircraft from
25 TA [REDACTED] has arranged

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1 for a proprietary to work for Secord. Kopp" -- just in
2 case you didn't know his code name -- "Kopp will charter
3 two 707s in the name of Lake Resources, our Swiss company."

4 A Again I think that is an example of Colonel
5 North's expansiveness.

6 Q Okay. I wanted to ask you about this.

7 A Yes.

8 Q Had you ever heard of Lake Resources before?

9 A At this time, I have trouble answering that.
10 This would have been my first indication that a company
11 called Lake Resources was what Dick Secord was using or
12 not.

13 Q Did you ever ask North what he meant by "our
14 Swiss company"?

15 A Well, I tried to put those kinds of comments
16 of Colonel North's in perspective earlier. I frankly --
17 in notes from Ollie North that have "our" and "my" in it,
18 I tended to discount, you know, what that means. That
19 clearly at this point, I would -- at the time I would
20 have interpreted that to mean Dick Secord's company, Lake
21 Resources.

22 Ollie had a very close working relationship
23 with Dick Secord. I see why he would call it "our."
24 I always felt that technically it was Dick Secord's
25 company.

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1 Q Let me put it to you this way. When he refers
2 here to a proprietary, what did you understand the proprie-
3 tary to be, a CIA proprietary?

4 A A CIA proprietary.

5 Q A CIA proprietary means that it's a company
6 the CIA owns but it's held ~~out~~^{not} as being something owned
7 by the CIA?

8 A They conduct business and have aircraft
9 available to perform CIA missions when needed.

10 Q Did you have an understanding that Colonel
11 North was creating proprietaries for the NSC?

12 A That was not the way I looked at it. I can
13 understand how you would consider it that way, but I did
14 not -- I never thought of Lake Resources as an NSC
15 proprietary. I can understand how you would conclude
16 that.

17 Q From reading this?

18 A From reading that, exactly.

19 Q And if you look at the update --

20 A I don't recall ever talking to Colonel North
21 or anybody, for that matter, you know, using the terms
22 an NSC proprietary. That kind of comparison just simply
23 didn't cross my mind.

24 Q So who did you think owned Lake?

25 A Dick Secord.

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1 Q If you look -- why did you think that?

2 A Based on reports Colonel North had given me.

3 Q What did he say?

4 A I can't recall the first time that I became
5 aware of Lake Resources. This could very well have been
6 the first time.

7 I don't recall questioning Colonel North as to
8 exactly what the company structures were or who the owners
9 were. I clearly knew that Lake Resources was involved in
10 supporting the contras in Central America.

11 I also knew they were involved in the Iranian
12 project, because when we were working on the finding that
13 resulted in the 17 January finding, it was clear to me
14 that Bill Casey was going to use a private agent as the
15 method of selling the arms to the Iranians and I can't
16 recall recommending to Director Casey that he use General
17 Secord. I was aware that he was going to use General
18 Secord. But as far as I was concerned, that was his
19 decision. I certainly endorsed it.

20 As I told you before, I had great respect for
21 General Secord. He had demonstrated over the months
22 prior to that his effectiveness in carrying out the
23 support of the contras.

24 Q Now, if you look at the next update, it's on
25 the second page of this, it says, "Advise ^C Ropp of lack

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1 of" -- what does PU mean there?

2 MR. NIELDS: Pick up.

3 BY MR. LIMAN:

4 Q "Pick up aircraft. He has advised we can use
5 one of our Lake Resource aircraft which was [REDACTED]
6 to pick up a load of ammunition for UNO. He will have
7 the aircraft repainted tonight and put into service not
8 later than noon Saturday so that we can at least get this
9 thing moving. So help me, I have never seen anything
10 so screwed up in my life. We meet with Calero tonight
11 to advise the ammunition will be several days late in
12 arriving."

13 Do you recall that at all?

14 A I recall it now. Of course, being refreshed
15 by this note and I believe this one is in the Tower
16 Commission Report.

17 But again, in the first few weeks of November
18 of 1986, I simply did not remember this detail.

19 Q Did you remember --

20 A Now I remembered that Mr. McFarlane was in
21 Geneva and that Ollie had worked on an aircraft problem.
22 I recall that Dick Secord was involved, and the reason
23 that he was involved is that, as Ollie points out in
24 this note, that he was -- Secord was at the time [REDACTED]
25 [REDACTED] working on a shipment to the contras. Very

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1 frankly, in November of 1985, both Colonel North and I felt
2 that this whole operation was screwed up.

3 Q What operation?

4 A The Iranian business; and that's one of the
5 reasons that in December of 1985, when I took over, I
6 wanted to get the whole thing on a much more organized
7 basis. I wanted to get the CIA formally involved because
8 of their expertise in logistics; and I wanted to get the
9 thing on paper as to what our objectives were and exactly
10 what the President approved, because in November of '85,
11 I was very confused as to what had been approved and what
12 hadn't been approved and frankly thought that it had been
13 run in a very slipshod manner.

14 EXAMINATION BY COUNSEL FOR

15 THE HOUSE SELECT COMMITTEE

16 BY MR. NIELDS:

17 Q Isn't it true this Hawk shipment was a gigantic
18 snafu?

19 A Yes, it was.

20 Q It was the Israeli's snafu, principally;
21 isn't that right?

22 A Yes. I basically think Schwimmer was not
23 handling it very well at all. What I started to say
24 earlier was that at some point after my meeting with Nir
25 in early January of '86 -- and I don't recall that Hawks

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1 came up in that meeting, but either at that meeting or
2 after that meeting, it became clear to me the facts that
3 you were reciting earlier, that the Israelis shipped the
4 wrong thing. They didn't -- did not ship what the Iranians
5 wanted; and furthermore, the missiles that were shipped had
6 Israeli markings on them, which just simply infuriated the
7 people in Iran that offloaded it.

8 Generally, you know, we thought it was a dumb
9 idea. Number one, we -- it wasn't clear to us that the
10 Iranians needed Hawk missiles. We thought they had a
11 lot of Hawk missiles left from the Shah's days. As it
12 turned out from one of the conversations that Colonel
13 North reported to me of having with the Iranians,
14 apparently what they wanted them for was that they reported
15 to us that there had been Soviet overflights of the northern
16 part of Iran, and they were at very high altitude.

17 The reason that one -- one of the reasons that
18 we got them off of asking for Hawks was that we explained
19 to them that even our improved version of the Hawks would
20 not handle the kind of target that they were talking of.
21 If they wanted to go after the Soviet aircraft, the Hawk
22 wasn't going to solve their problem.

23 Q The Israelis also screwed up the transportation
24 of these Hawks?

25 A They did. It was very screwed up.

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1 Q You were aware of the screw-up on the transpor-
2 tation and the type of weapons shipped and the fact they
3 had the Israeli markings on them at the time?

4 A At the time, that's correct.

5 Q It was -- that formed a principal reason, did
6 it not, for your decision or our Government's decision
7 to take control over the operation away from the Israelis?

8 A Well, that was part of it. That's not the total
9 reason, Mr. Nields.

10 Q That is one factor?

11 A That is one factor. There is another factor,
12 which I can get to.

13 Q We will get to that later, I am sure.

14 The point is here that this whole business
15 with the Hawks made a distinct impression on your mind
16 at the time?

17 A At the time. It certainly did.

18 Q In one of these PROF memos there is a reference
19 to the immediate need of the Israelis for replenishment
20 of the Hawk missiles?

21 A Right.

22 Q Do you know Colonel Powell, Colin Powell?

23 A General Powell?

24 A General Powell. Excuse me.

25 A Yes, I do. He was at the time -- November of

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1 '85 -- he would have been military assistant to the
2 Secretary of Defense. So I dealt with him quite frequently
3 over the years prior to my being National Security
4 Adviser.

5 Q Did you contact him around the middle of
6 November, 1985, in order to find out if we could replenish
7 Hawks?

8 A I have a vague recollection of doing that.
9 There were several discussions. As far as I knew at the
10 time, I think he and the Secretary of Defense were the
11 only ones in the Defense Department that I knew of that
12 were aware of anything about the Iranian project that
13 Mr. McFarlane had started with the President's agreement.

14 MR. LIMAN: How did you know that?

15 THE WITNESS: Well, I guess I probably assumed
16 it. I knew that Secretary Weinberger had been in on
17 meetings on the subject of what the Iranians wanted to do,
18 and I guess I assumed that he had probably told Colin
19 Powell, because my experience up until that time would
20 have been that Colin Powell knew essentially everything
21 that Secretary Weinberger knew. It may have been a false
22 assumption.

23 MR. LIMAN: Do you actually have a recollection
24 as you sit here today, now, of talking to Colin Powell
25 about the replacements?

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1 THE WITNESS: I don't have a distinct recollection
2 of a telephone conversation during that time frame. But I
3 do recall at some point in the process talking to General
4 Powell about replacements for the Israelis.

5 BY MR. NIELDS:

6 Q Hawks?

7 A Hawks.

8 MR. LIMAN: If you were talking about replace-
9 ments for the Israeli Hawks, would I be correct that that
10 would have meant that that conversation took place at a
11 time when the -- when it was contemplated that the Israelis
12 would be shipping those Hawks to Iran? Because after
13 the -- this debacle, the Hawks were going to be returned
14 to the Israelis.

15 THE WITNESS: But we didn't know that, Mr. Liman.
16 At the time that things were happening in November of '85,
17 we frankly didn't know how screwed up it was. We didn't
18 know they had shipped the wrong thing. We didn't know that
19 the Iranians had refused it.

20 EXAMINATION BY COUNSEL FOR

21 THE SENATE SELECT COMMITTEE

22 BY MR. LIMAN:

23 Q When do you fix the time that you knew that
24 the Israelis would not need a replacement for Hawks?

25 A Probably not until sometime early in 1986.

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1 Q You fix it with when Nir is in the picture, or
2 before? Nir comes in in the beginning of January.

3 A I would place it after that. Because I see,
4 I believe my notes -- maybe I could review that one exhibit --
5 I believe my notes with Nir refer to the TOWs, but I don't
6 believe it refers to the Hawks.

7 You see, the other interesting thing is, I know
8 it maybe sounds unbelievable that I couldn't remember in
9 early '86, but even -- see, if you go back to my notes in
10 briefing the President, I noted here that we talked --

11 Q What date are you looking at? What number?

12 MR. BECKLER: Bates No. ²¹~~20~~ on Exhibit No. 1.

13 BY MR. LIMAN:

14 Q All right.

15 A I don't think we say anything there about
16 Hawks.

17 Q This is the January 2, '86?

18 A Yes.

19 Q Doesn't mention Hawks.

20 A It does mention the TOWs; and so I can't --
21 you know, obviously something about the Hawks did not
22 leave the kind of indelible impression on my mind that
23 you think it did.

24 MR. NIELDS: Was there an original idea it
25 would be a larger number of Hawks, 500, 400?

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1 THE WITNESS: I believe so, but as to when I
2 have most recently become aware of that, I would have to
3 go back through this stuff and see.

4 I think somewhere in the Tower Commission Report
5 there is a reference.

6 BY MR. LIMAN:

7 Q Are you just reciting what is in the Tower
8 Commission Report or did that refresh your recollection?

9 A No. It really doesn't refresh my recollection.

10 Q I don't want you to simply give us back what
11 is in the Tower Commission Report.

12 A Yes.

13 MR. NIELDS: You said earlier you were very
14 dissatisfied at sometime during the week of the 17 of
15 November, 1986, with the chronology?

16 THE WITNESS: Yes.

17 EXAMINATION BY COUNSEL FOR

18 THE HOUSE SELECT COMMITTEE

19 BY MR. NIELDS:

20 Q At what point did you become dissatisfied on
21 this point?

22 A Again we were trying to recall what happened
23 in '85. I really became dissatisfied when I learned that
24 Secretary Shultz' recollection of the events of November,
25 '86, disagreed with Mr. McFarlane's.

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1 MR. NIELDS: Go ahead.

2 EXAMINATION BY COUNSEL FOR
3 THE SENATE SELECT COMMITTEE

4 BY MR. LIMAN:

5 Q Let me just ask you -- I would like to have
6 marked as the next exhibit a letter dated November 26,
7 1985, from Director Casey to you. It's a memorandum with
8 an attachment.

9 (Poindexter Exhibit No. 12 was
10 marked for identification.)

11 BY MR. LIMAN:

12 Q Would you look at Poindexter No. 12?

13 A Yes.

14 Q You testified earlier that the President signed
15 a finding in December; is that the finding he signed?

16 A To the best of my recollection, it is.

17 Q Do you recall when he signed it?

18 A I don't recall the precise date.

19 Q What do you recall about this event?

20 A Based on my notes, apparently I discussed that
21 with the President on the -- is it the 5th or 6th? I think
22 it's the 5th.

23 Q Right.

24 A Which I think is on a Monday, I believe,

25 MR. SMALL: Off the record a second.

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1 (Discussion off the record.)

2 THE WITNESS: May we step outside for a second?

3 MR. LIMAN: Sure.

4 (Discussion off the record.)

5 THE WITNESS: To continue my answer, on about
6 the 5th of December, I believe that I discussed the first
7 version of the finding with the President. Director Casey's
8 memo is dated the 26th of November. That would have been
9 just before Thanksgiving. I don't recall exactly what day
10 I got that, but because I didn't discuss it with the
11 President until the 5th, chances are -- of course, I guess
12 the reason I didn't was that the President was in California
13 for Thanksgiving. Mr. McFarlane was with him out there.
14 It was the period Bud decided to resign on about the 30th.

15 So when the President got back, we were in a
16 great state of flux. So I probably didn't get around to
17 discussing it with the President until about the 5th of
18 December.

19 I don't know when it actually arrived in my
20 office. There may be some record of that.

21 MR. NIELDS: Was the President in California
22 at that time?

23 THE WITNESS: On the 5th? Beginning of that
24 period? Yes. He -- I forget when he went out there.
25 He went out for Thanksgiving. So he was -- he had just

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1 returned from Geneva from the meeting with Gorbachev.

2 As I recall, Mr. McFarlane had gone directly out
3 there. He had remained behind in Europe in order to conduct
4 some briefings of heads of state after the Geneva summit.
5 I believe he went directly from Europe to California. At
6 least, that is my recollection.

7 Anyway, apparently I discussed that with the
8 President on about the 5th of December. The President --
9 and I probably -- I can't -- I frankly recall this brief
10 cover note. I probably did not discuss that with the
11 President. It's really nonsubstantive.

12 When I would meet with the President on issues
13 like this, I would give him a copy of the paper and I
14 would also give -- or I would give him the original and
15 give a copy to, if the Vice President were there, Don Regan
16 were there, I would give them a copy of it. We would
17 discuss the issue.

18 The President agreed with this and he signed
19 it. I frankly was not happy with it because it was a
20 very narrow finding. It did not, in my view, completely
21 lay out all of our objectives. It was before we had
22 had -- we had the meeting on 7 December over in the
23 residence.

24 Again, I was just getting fully involved in
25 the origins of the Israeli proposal. I hadn't had much

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1 of an opportunity to directly discuss the issue with the
2 Secretary of State or the Secretary of Defense; but the
3 CIA was anxious to get this signed, as indicated by
4 Director Casey's note to me, and so I wanted to find out
5 if the President was in general agreement with it. He
6 was. In fact, he signed it.

7 But because I didn't think the finding was
8 adequate, and also I hadn't had an opportunity to talk to
9 the Attorney General about it, and it was our policy on
10 any covert action finding the Attorney General was to
11 clear off on it, so this finding was signed.

12 Now, the reason that the Tower Commission Report
13 didn't have the complete record is that the -- the signed
14 version of the document does not exist, because I destroyed
15 it.

16 BY MR. LIMAN:

17 Q When did you destroy it?

18 A I destroyed it, to the best of my recollection,
19 the early evening of November 21st, 1986.

20 Q Why?

21 A When -- going back to the meeting with Ed
22 Meese and Bill Casey on Thursday the 20th, when it became
23 clear that there was a disagreement over the recollection
24 of the events of November, '85, Ed Meese asked to meet
25 with the President on the following day, on Friday the

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1 21st. Ed called sometime in the morning of the 21st and
2 indicated that he wanted to come over and see the President.
3 He may have given some indication of that on Thursday
4 when we were meeting, talking about the briefings to the
5 congressional committees the following day.

6 But anyway, he said that he wanted to come over
7 to see the President at 11:30 and he would like for Don
8 and I to attend the meeting -- Don Regan -- to attend the
9 meeting with him. We did. He told the President, to the
10 best of my recollection, that there was a disagreement
11 about the facts, especially of the early phases of the
12 Iranian project, and he wanted the President's permission
13 to look into the facts and the President said fine.

14 Early afternoon on the 21st, the Attorney General
15 called me and said, "In following up on our discussion with
16 the President this morning," he said, "I would like to be
17 able to send over a couple of my people to look at the files
18 and records that you have and could you have somebody pull
19 them together and I'll have my people get in touch with
20 Commander Thompson," who was my military assistant, also
21 the General Counsel for the NSC, and the primary liaison
22 with the Attorney General's front office.

23 - So immediately after the telephone call from
24 the Attorney General, I called Commander Thompson on the
25 intercom and told him about the Attorney General's request

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1 and I asked him to take responsibility for pulling the
2 material together.

3 After I finished talking to him, I called Colonel
4 North, told him the same thing. I wanted him to clearly
5 understand the directions that I had provided to Commander
6 Thompson about pulling the material together. He said
7 that he would do that.

8 Then later in the afternoon -- well, the events
9 of that day are important to you, and earlier in the day --
10 and I don't recall what time it was, but that was the day
11 that Colonel North came in and -- with his old notebook.
12 He kept notes in these half steno pads. He came in with
13 a notebook that covered the time frame back in November, '85,
14 and went through the notes of what he had told me in
15 November of '85 that indicated that we clearly knew that
16 Hawk missiles were aboard that aircraft. His notes did
17 not shed any light on whether the President had approved it
18 ahead of time or after the fact.

19 In that conversation with Colonel North, I don't
20 recall exactly what he said, but I had the distinct
21 impression that he was going to destroy that spiral note-
22 book when he left the office. I didn't tell him to
23 destroy it, but I also didn't tell him not to destroy it.
24 It was completely consistent with my view that working
25 notes and PROF's notes and that sort of thing were not

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1 something that we had to retain.

2 At this point, we frankly viewed the issues as a
3 political issue, or I did anyway. The big -- the uncertainty
4 in my mind was exactly what happened in November of '85.
5 That's what we were trying to figure out. When later in
6 the afternoon -- it was probably early evening, Commander
7 Thompson came into my office. Because we had handled the
8 17 January finding outside of our normal channels, it would
9 normally have been handled through our Intelligence Office
10 headed up by Mr. DeGraffenried^{ed}; but even though I set that
11 system up or was largely responsible for it, I deliberately
12 in this case had decided not to use our formal system. I
13 wanted to ~~generally have the responsible cabinet officers~~
14 ~~involved~~. Again, I wanted to limit knowledge of the exact
15 details as much as possible so they only knew what they
16 needed to know to carry out their part of it.

17 So we -- I clearly accept responsibility for
18 deviating in our standard procedures. But anyway, I had
19 given at some point earlier in the year the 17 January
20 finding to Commander Thompson to hold in one of the safes
21 in our outer office. So he was in the process of going
22 through what we had in the immediate office for Ed Meese's
23 people to look at. When he called, I frankly thought there
24 were very few records because of my penchant and all of
25 the cautions that I had provided earlier about not putting

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1 anything in writing. I doubt if there was much. I certainly
2 didn't believe, as I said, at that point that PROF's notes
3 existed.

4 Anyway, when Commander Thompson came in with
5 this envelope, the 17 January finding was in it as well
6 as an earlier version. There were in total, starting with
7 this version, there were three versions the President signed.
8 There was this one --

9 Q The January 6th?

10 A One in early January and the one on the 17th of
11 January.

12 Now, I always viewed that as one finding. In
13 other words, we went through several iterations. The final
14 product was 17 January. It was the only version of the
15 finding that I felt was operative and when Commander
16 Thompson started going through the stuff that was in the
17 envelope, there was the 17 January finding, my cover memo
18 to the President with the 17 January finding. There was
19 the earlier draft in which there had been, from the 5th
20 of January, in which a couple words had changed to the
21 17 January finding. And there was this original finding.
22 There were two or three copies of PROF's notes kind of like
23 this that addressed --

24 Q Kind of -- you are pointing to the exhibits
25 we have been over?

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1 A That's right. They were printed versions of
2 PROF's notes from Colonel North to me that covered various
3 aspects of the Iranian plan in 1986. And Commander Thompson
4 said something to the effect that -- well, I don't want to
5 put words in his mouth.

6 Q The substance of what you recall?

7 A The substance of it was that the first version of
8 the finding is going to be embarrassing.

9 Q So what did you do?

10 A I said, "Let me take a look at it." I did. It
11 put the thing in perspective. We were being put about the
12 head and shoulders in the press that this was an arms-for-
13 hostages deal.

14 The first version of the finding was prepared
15 unilaterally by the CIA, by people that really didn't
16 understand what our overall objectives were. They had
17 written it in a very narrow way, frankly to colloquially --
18 can we go off the record?

19 Well, they wanted some protection.

20 MR. NIELDS: Use initials.

21 THE WITNESS: CYA.

22 MR. NIELDS: There you go:

23 THE WITNESS: Over the involvement of their
24 proprietary in 19 -- November of '85.

25 But anyway, sitting there on my desk, Commander

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1 Thompson is in front of the desk, my thinking is that if
2 this gets out and if anything left my office, I didn't have
3 any assurance that it wouldn't get out.

4 I decided that it would be politically embar-
5 rassing to the President at this point because it would
6 substantiate what was being alleged, that this was strictly
7 an arms-for-hostages deal, which truly it was not intended
8 to be; and so I decided to destroy it. So I tore it up
9 and put it into my waste container behind my desk.

10 BY MR. LIMAN:

11 Q In front of Commander Thompson?

12 A To the best of my knowledge, he was there.

13 Yes. And the -- the two or three PROF's notes
14 that were in the package, I also destroyed at that time.

15 Q Admiral, did you understand that North was going
16 to get rid of his spiral notebook for the same reason,
17 because it would be politically embarrassing to the
18 President?

19 A Well, I guess that -- I frankly --

20 Q Why did you? I don't want to put words in
21 your mouth. Why did you think North was going to get rid
22 of it?

23 A To understand our frame of mind at the time,
24 as I said, the administration had been very concerned about
25 leaks. An awful lot of sensitive information had leaked

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1 out over the years.

2 Generally, most leaks in my opinion occur
3 because of -- and I don't want to -- I think all branches
4 of Government are involved in leaks, the Executive Branch
5 as much as any. Generally, leaks occur because people
6 disagree with policy and they leak information out to
7 preclude some particular policy option. So my general view
8 was not to keep paper around. I thought that working notes,
9 PROF's notes were working documents that we didn't have to
10 keep. In my view, the less we kept around, the better.

11 At that point, it was still being viewed in my
12 view anyway, as a political issue over the Iranian arms
13 missions.

14 Q Did you communicate that point of view to
15 North?

16 A I certainly did over the months. I don't recall
17 specifically telling him that in November of 1986, but that
18 would be his clear view.

19 Q Did you tell him at the time he left your office
20 with his spiral notebook words and substance to the effect
21 that that book is going to be embarrassing?

22 A I did not say that to him. In fact, I didn't --
23 acquiesced to his destruction -- of what I thought was to
24 be the destruction of the notebook by simply not saying
25 anything.

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1 Q What was in, to the best of your knowledge,
2 recollection, those PROF's notes that you ripped up or
3 destroyed at the same time that you destroyed the assigned
4 finding?

5 A I can't be certain, but I would be almost sure
6 that they were copies of some of the stuff that is printed
7 in the Tower Commission Report. I don't recall that it
8 had any additional information.

9 Q Did they refer to what has been called the
10 diversion?

11 A No. To my knowledge, until Sunday, Sunday night,
12 the 23rd, I didn't think there was anything in writing
13 any place on the transfer of funds to the contras.

14 Q Had you not remembered -- remembered that
15 memorandum?

16 A I did not remember that memo.

17 Q Had you ever seen any memorandum that referred
18 to this?

19 A Nothing. With hindsight now going back through
20 the Tower Commission Report, there were oblique references.
21 I didn't remember those.

22 Q The oblique references in the PROF notes that
23 we have \$6 million available?

24 A Right.

25 MR. LIMAN: Why don't we take a break now.

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1 I can get you lunch up here.

2 (Discussion off the record.)

3 (Whereupon, at 12:45 p.m., the deposition
4 recessed, to reconvene at 2:00 p.m., this same day.)

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AFTERNOON SESSION

(1:50 p.m.)

MR. LIMAN: Let's go back on the record.

Whereupon,

JOHN M. POINDEXTER

was called as a witness and, having been previously duly sworn, was examined further and testified as follows:

EXAMINATION BY COUNSEL FOR

THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Do you recall the meeting with the President and others on December 7, 1986?

A Yes, I do.

Q You were present:

A Yes.

Q Why don't you just tell us what you recall?

MR. SMALL: Excuse me, Arthur, did you say '86?

MR. LIMAN: '85.

THE WITNESS: I was referring to '85.

BY MR. LIMAN:

Q December 7, 1985.

A Again, to put this in perspective, this was just a few days after the President had named me to succeed Mr. McFarlane. As I recall, Colonel North was in London at the time or he was about to leave to go to London to

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1 meet with Ghorbanifar and some Israelis who were involved
2 in the meeting. I can't remember exactly who they were.
3 But we were concerned from the beginning with the Israeli
4 channel because we hadn't had any direct contact with it.

5 I can't recall at the time whether we knew the
6 man's name was Ghorbanifar or not; but the President
7 generally at least as reported to me by Mr. McFarlane
8 earlier was in favor of pursuing the Israeli idea, at least
9 as far as trying to get a channel functioning into the
10 Iranian government so that we would have an influence on
11 the -- what we saw as the upcoming succession there, as
12 Khomeini passed away or -- through some other event, the
13 government changed.

14 We were most anxious to keep the -- Iran out of
15 Soviet hands. Our general assessment of the situation in
16 that part of the world was that the Soviets were trying
17 desperately to get through to the Indian Ocean, a warm-
18 water port. It has been historically an objective of
19 the Soviet Union. So Iran was a vulnerability to us in
20 that regard.

21 I don't want to minimize the President's concerns
22 about the hostages. He was very concerned about the
23 hostages, was from the beginning. We worked hard and
24 diligently to figure out how to get the hostages back one
25 way or the other.

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1 So the President saw this as a way of getting
2 the hostages back, as a possible way. So he generally felt
3 that we ought to at least pursue the Iranian suggestions.

4 But in order to make a decision on whether to do
5 that or not, we felt that it was important that Mr.
6 McFarlane meet with the Iranian contact and come back with
7 a personal assessment as to what he thought.

8 So there had been meetings with cabinet officials
9 and the President prior to that time; but, as I told you,
10 I wasn't involved in most of those.

11 The August meeting, the first time to my know-
12 ledge that the President -- or Mr. McFarlane talked to
13 the President, when the President was out of the hospital
14 either just before or after an operation. The Chief of
15 Staff, Don Regan had gone out to the hospital. I hadn't
16 participated in that.

17 Since I was taking over as National Security
18 Adviser, I think I am the one that encouraged we have a
19 meeting over in the residence on 7 December. It was a
20 Saturday. In fact, I approached that meeting thinking
21 that I was probably going to lead the discussion, because
22 Mr. McFarlane's general view at that point, even though
23 he technically was the National Security Adviser, he was
24 sort of phasing out and I was handling all the meetings
25 with the President at 9:30. But at the last minute, I

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1 learned Mr. McFarlane planned to go. So he did go to the
2 meeting, too. In fact, he led the discussion.

3 Ahead of time, I talked to Secretary Shultz,
4 Secretary Weinberger, and Director Casey about the general
5 nature of the meeting, what the general subject was.
6 Secretary Shultz and Secretary Weinberger said they would
7 be there. Director Casey said he was going to be out of
8 town. He was aware of the proposals and he supported them.
9 In fact, to my recollection, he said I had his proxy in
10 terms of telling the President that. He asked if John
11 McMahon, the Deputy Director of Central Intelligence, could
12 attend in his stead. I said that would be fine.

13 I can't recall whether I talked to the Vice
14 President or not. Probably did, but I just can't remember
15 that. The Vice President was not there. Apparently he
16 was out of town. Certainly if he had been in town, he
17 would have been invited and probably there.

18 So we convened on Saturday morning, the 7th of
19 December, over in the living room of the residence; and
20 it was the President, Secretary of State, Secretary of
21 Defense, the Chief of Staff, John McMahon, the Deputy
22 Director of Central Intelligence, Mr. McFarlane, and me.

23 Normally, I would keep notes at such a meeting,
24 but again this was such a sensitive area that I did not
25 by my recollection, and I can't conceive could

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1 have written a few things on a yellow legal pad, but
2 subsequently destroyed them at the time, not recently.
3 Because I couldn't find -- I can't find -- there may be
4 conceivably a paper somewhere in the White House, but I
5 rather doubt it. Because, again, we considered -- I tend
6 to make a distinction between formal NSC meetings or
7 NSPG meetings, at which we would invariably prepare a
8 memorandum for record of the meeting, including the notes
9 of whoever the notetaker was.

10 I don't like taking detailed notes like that.
11 Usually, even when I was deputy, I arranged for somebody
12 else to be there as the actual notetaker.

13 You should find, although it is probably not
14 in this area, but there should be in the NSC or White
15 House files some handwritten notes from NSPG meetings that
16 I made.

17 But I don't think you will find anything on
18 this subject, because I purposely didn't take notes on it.

19 Mr. McFarlane started the discussion and reviewed
20 in -- at least as best I can recall, in general terms his
21 contacts with the Israelis. I frankly can't recall much
22 discussion, if any, of the earlier TOW shipments or Hawk
23 shipments which is kind of interesting. I really can't
24 recall that. It is conceivable that it wouldn't come up,
25 because the meeting was primarily focused on the future;

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1 what were we going to do at this point.

2 Mr. McFarlane went through all the strategic
3 reasons why Iran was important to us. He went through
4 reasons that he thought the Israelis were interested in
5 doing this; and all the Israeli reasons are not necessarily
6 the same as ours.

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in their entirety

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5 Usually on a controversial issue, where there
6 wasn't pretty good agreement, he wouldn't take a decision
7 in the meeting. So the meeting broke up.

8 Later in the day -- and I am not certain about
9 this -- the President could have called me, but I rather
10 think he called Mr. McFarlane. My schedule would shed some
11 light on this. I think I had a lunch down in the Situation
12 Room after the meeting with Secretary Shultz. I think
13 Mr. McFarlane was still up in his old office. My
14 recollection is after my meeting with Secretary Shultz,
15 I went and asked Mr. McFarlane if the President had called.
16 My recollection is that he said that he had and that he
17 had agreed that -- as I knew he would -- that Mr. McFarlane
18 go to London.

19 Q I am going to just skip ahead to the milestones.
20 Did Mr. McFarlane report to you when he returned?

21 A From --

22 Q London?

23 A Yes. Well, actually he flew out to London
24 on a Saturday. I think he came back on a Sunday; late.
25 I got a debrief, I think, first from Colonel North, or

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1 maybe Mr. McFarlane, one or the other, because Mr. McFarlane
2 still had his PROF's terminal in his quarters. He may have
3 replied directly to me; but anyway, I believe I gave the
4 President a brief debrief the following Monday morning.

5 Q Do you remember what McFarlane's point of view
6 was?

7 A Yes. But then Mr. McFarlane came in to my 9:30
8 meeting on Tuesday, the 10th, I believe.

9 Q Why don't you tell us the substance of what
10 Mr. McFarlane reported to the President and to you.

11 A The substance was that he was very uneasy with
12 the Iranian interlocutor, Ghorbanifar, and was pretty
13 pessimistic, I guess is the fair way to describe it,
14 based on my recollection, that we should proceed ahead
15 with it. At least unless we could get a better channel
16 into the Iranian government. I think that's the substance
17 of his recommendation.

18 Q At that point was there any plan to continue
19 operating through the Ghorbanifar channel?

20 A The President really wasn't ready to give up
21 at that point.

22 Q Did you get a report from North that if you
23 abandoned this, the hostages might be killed?

24 A That's conceivable. That was often Colonel
25 North's view, that the hostages were at risk.

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1 Q Were you concerned that having started on the
2 process, that you were now becoming hostage to the process
3 itself?

4 A Well, a little bit. I think you can tell that
5 from my notes where I say we are already pregnant for 500.
6 That was part of it.

7 But the President clearly, his primary concern,
8 was the hostages. I don't mean to imply that he wasn't
9 considering the strategic importance of an opening to Iran,
10 because that was indeed considered. But he was very
11 concerned about getting the hostages back. He did not
12 view this, as he had said -- and he made this speech many
13 times in my presence, that he did not consider this an
14 arms-for-hostage deal because the arms weren't going to
15 the people that held the hostages.

16 Q He would say that -- drew the distinction
17 between giving the arms to the hostage-holders and giving
18 them to Iran?

19 A That's exactly right. That's a fine line.
20 But he was drawing it.

21 Q He also at that meeting drew a line, didn't he,
22 between selling arms directly to Iran and letting Israel
23 sell them?

24 A Yes, he did. He did make a -- later we had to
25 fall off of that. I can tell you why.

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1 Q We will come to that. But on the same subject
2 of the hostages, is it fair to say that concern about the
3 hostages led to the DEA project earlier in the year in
4 1985?

5 A Oh, absolutely.

6 Q That was approved by the President?

7 A Yes.

8 Q And approved by the Attorney General?

9 A Yes.

10 Q In connection with that project --

11 A Now, you need -- I need to be a little careful
12 there. I am not sure that the Attorney General had general
13 knowledge of that project and had authorized the DEA people
14 to work with us.

15 Q Was there any consideration given in connection
16 with that project to getting a finding?

17 A No. Well, now wait a minute. There may be --
18 we may -- I forget exactly the rationale on that. There
19 may very well be a general enough finding to cover that
20 particular --

21 Q Was there a rationale or was it that it just
22 wasn't thought of? You can think of something and decide
23 you don't need it, or you can just not think of it. What
24 was it in that case?

25 A I did not think in terms of a finding on the

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1 DEA business. It was part of our general effort.

2 Since the first hostage -- after the first
3 hostage was taken, we really had a very concerted effort
4 to locate the hostages. [REDACTED]

5 [REDACTED]
6 [REDACTED]
7 Our problem was lack of intelligence, a timely and accurate
8 intelligence.

9 Q There was even a discussion about the possibility
10 of ransoming them, wasn't there?

11 A Yes, using --

12 Q Private money?

13 A Well, ransoming. I wouldn't describe it that
14 way.

15 Q Well, if you bribe [REDACTED]
16 [REDACTED] you can call it a bribe.

17 A Right.

18 Q Or you can say -- you can call it ransom too?

19 A Right.

20 Q This tended to be considered a bribe rather
21 than ransom?

22 A That's exactly right.

23 Q You felt better when you called it that?

24 A That's right.

25 MR. BECHTOLD [REDACTED]

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1 [REDACTED]
2 [REDACTED]
3 MR. LIMAN: I think the Admiral and I understood
4 each other on that. It is not a particularly central
5 issue.

6 THE WITNESS: But we did not talk in terms of
7 ransom. We talked in terms of bribing [REDACTED]
8 [REDACTED] or bribing [REDACTED] in order to let us
9 get them out.

10 BY MR. LIMAN:

11 Q The --

12 MR. BECKLER: Off the record.

13 THE WITNESS: To follow up on one more point
14 here, in the business of national security and foreign
15 policy, we often have to draw very fine lines. You know,
16 the Daniloff case is another example.

17 BY MR. LIMAN:

18 Q This wasn't, of course, the only thing that was
19 happening in December of 1985?

20 A No.

21 Q Not to suggest the only other thing was the
22 contras, I would like for you to look at your notes on
23 page 16. You have already discussed the reference to [REDACTED]

24 [REDACTED] This is the briefing with the President at
25 9:30 in the morning

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1 Also, would you read the references there to
2 your meeting in [REDACTED]

3 A [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]

16 These notes are just to debrief the President
17 on those two points.

18 Q Did you offer either of those countries any
19 assistance?

20 A [REDACTED]
21 [REDACTED] our
22 assistance to them was not contingent upon their helping.
23 I did not make that point. In each year in our foreign
24 assistance program, we do have money to support the
25 surrounding countries.

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1 Q Admiral, there came a time when you were visited
2 by Mr. Nir?

3 A Right.

4 Q Do you remember when that was?

5 A Yes.

6 Q When was that?

7 A It was ~~January~~ and, at least according to my
8 notes. That was ~~1980~~.

9 Q Did you take notes while you were meeting with
10 him?

11 A No. I think that's impolite when meeting with
12 foreign officials to take extensive notes. Those notes
13 will represent my recollections of the meeting shortly
14 thereafter, probably on the aircraft on the way to
15 California.

16 Q Using the notes if you have to to refresh your
17 recollection, just give us the substance of what transpired
18 at the meeting with Nir. You don't have to go into every
19 little detail.

20 A All right. He started off by -- I don't think
21 this was my first ~~meeting~~ I had met with him
22 some ~~months~~ earlier when he was in the -- it was
23 apparently just after Peres had appointed him his special
24 adviser on counterterrorism; and I had agreed to meet
25 with -- my recollection is we had convened a session of the

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1 Terrorist Incident Working Group, which was our interagency
2 group for combatting terrorism.

3 Nir had been invited to attend just so everybody
4 could meet him. So I had met with him briefly then just
5 on the general subject of terrorism.

6 This would have been probably the second time
7 that I ever saw the man. He indicated to me that Prime
8 Minister Peres had sent him, that there were few people
9 in the Israeli government that was aware he was coming
10 to the United States to make this proposal.

11 He indicated that Rabin and the Defense Minister
12 and both Peres and Rabin's military aides were aware. He
13 was clearly trying to make a point to me that they were --
14 the Israelis were handling this in a very compartmentalized
15 way.

16 He indicated that the reason -- one of the
17 reasons that the Israelis had gotten involved in this
18 channel to Iran was



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20
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22 So obviously this was the first time that that
23 had come to my attention. It helped explain a little bit
24 in my mind probably why the Israelis were so interested in
25 Iran.

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1 What he didn't say, but what I knew, is that
2 their general -- in fact, he may have said this. He said
3 that their point of view, the Iran-Iraq war as a stalemate
4 was not all that bad. It kept the Iraqis engaged and kept
5 them away from more antagonistic moves against Israel.

6 He also said that they certainly agree with us
7 that we had to keep the Soviet Union out of Iran.

8 We talked about the hostage problem. At that
9 point, not only did we have the American hostages, there
10 were a few French and British, as I recall, and there were
11 some Israeli hostages, some Israeli soldiers that had been
12 taken in Lebanon. They were interested in getting them
13 back as well.

14 We talked a lot about the strategic importance
15 of Iran and we agreed that we did have some coincidence
16 of interest here. He indicated that Prime Minister Peres
17 wanted to help the United States and they were willing to
18 take some risks in providing that help.

19 We went through a proposed plan which would be
20 unilateral, the U.S. not directly involved other than
21 replacing the arms afterwards.

22 Q Did he say this would be deniable by the United
23 States?

24 A We discussed how to handle the issue of a public
25 exposure of it. One option that we discussed was that the

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1 U.S. just simply deny it and for awhile, that was a working
2 hypothesis, but frankly --

3 Q Wasn't very plausible?

4 A Wasn't very plausible.

5 Q All right.

6 A So I never really took that part of the plan
7 seriously. There was concern on the part of some members
8 within the administration that -- I guess the Vice President
9 would probably fall in this category -- that one of his
10 concerns, although he was supportive of the, of what the
11 President wanted to do and he thought we ought to go ahead
12 with it.

13 [REDACTED]
14 Now, the one -- so far in the meeting with Nir
15 there wasn't anything particularly new that hadn't been
16 covered earlier by the Israelis. But the Israelis had
17 gotten word, I think at this point, of -- well, they had
18 been in the London meetings with Mr. McFarlane; and they
19 knew that meeting had not gone very well. They knew I
20 had just taken over. They obviously wanted to push ahead
21 with it, I am sure for their own selfish reasons; but I
22 think there was also a genuine desire on the part of Peres
23 to help the President. He knew the President was concerned
24 about hostages and

25 [REDACTED]

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Page 138 denied in its entirety.

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Q Did he ask you about the replacement of the
500-odd TOWs that the Israelis previously shipped?

A Yes, he did.

Q What was said on that subject?

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1 A At that point, and again this is an indication
2 of my lack of knowledge of what happened in the early
3 months, I did not realize at that point that there was
4 any U.S. agreement to replace those 508 TOWs. When Nir
5 raised it in that meeting, as I recall, it was the first
6 indication that I had that they expected those 508 TOWs
7 to be replaced.

8 Q Did he say he expected them to be replaced for
9 nothing?

10 A No. No. No. They wanted to buy them.

11 Q Was there an issue of what the price would be?

12 A I believe there was. I'm not sure that came up
13 in the meeting. I have really -- you know, I have not
14 gotten involved in that level of detail in terms of what
15 these things cost.

16 Q Did it later come up? Why don't you just take
17 us through what the dispute was, if any, with Israel on
18 what they should pay for the TOWs?

19 A As near as I can tell, when it came time to --
20 well, after the January meeting, when it came clear that
21 they expected to buy replacement TOWs from us, the question
22 was, what kind of TOWs do they want to buy and what was
23 the cost going to be. And as I -- I vaguely recall that
24 one of the concerns was that they had sold the Iranians
25 an older version of the TOW missile, and when the Israelis

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1 through their purchasing agent in New York had tried to
2 check on the availability of the older version because the
3 Israelis apparently didn't have enough money to pay for
4 the newer version out of what they had gotten from the
5 Iranians or what the Israeli government had gotten, they
6 started checking on the old TOWs.

7 Immediately the question arose as to why were
8 they asking for old TOWs instead of the newer, improved
9 version. So their purchasing agent, being a very quick-
10 witted guy, immediately stopped asking questions.

11 Then I vaguely remember other conversations
12 with Colonel North at the time in trying to figure out how
13 the Israelis would have enough money to buy the 508 TOWs
14 with the money that they said was available.

15 We also, I think, somewhere along the line in
16 about that time frame learned that the Israeli businessmen
17 that had been involved were making considerable profit,
18 and Nir seemed to be unaware of it and said that Peres was
19 unaware of it. We never did pursue that very much.

20 Q Admiral --

21 A But then I know that there were several
22 discussions between Colonel North and the logistics
23 people out at CIA and the people at Defense with what to
24 sell the replacements to Israel for; and there was an
25 issue of whether to have the older version or

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1 the newer version.

2 At one point, Colonel North, I recall, made the
3 argument to me in one of his debriefings that the U.S.
4 Army had TOWs whose shelf life was running out and he
5 didn't really understand why Defense couldn't sell those at
6 a lower price, because otherwise, in a few months or years,
7 the TOWs would be useless and they wouldn't get any money
8 for them.

9 But now what I am reporting to you is what
10 Colonel North reported to me in terms of the actual
11 decision with CIA and the Defense Department; I didn't
12 get directly involved in that.

13 Q Admiral, was there a plan ultimately for the
14 Israelis to pay for the TOWs in part out of the proceeds
15 of the new missile sales to Iran? Was that presented to
16 you?

17 A I don't recall that.

18 Q Let me just move on. We will have more
19 opportunity to take testimony and to talk before your
20 public testimony takes place. I would like to hit some
21 highlights.

22 You talked about the finding that was signed
23 by the President in early January, 1986.

24 Would you make this as the next exhibit?
25

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1 (Poindexter Exhibit No. 13 was
2 marked for identification.)

3 BY MR. LIMAN:

4 Q I will show you a copy of a finding dated
5 January 6, 1986, bearing what appears to be the signature
6 of the President. I should tell you there is a handwritten
7 note "and third parties" that was inserted by Stanley
8 Sporkin when this was rewritten on January 17.

9 A I remember it well. That was added.

10 Q Was this the finding signed by the President
11 in early January?

12 A Yes.

13 Q You read the Tower Board said he signed it by
14 mistake?

15 A I can't necessarily disagree with that. I can't
16 remember the exact conversation with the President.

17 As I think I have said earlier today, the
18 President did have a tendency if you put a piece of paper
19 in front of him, if he agreed with it, he signed it.
20 Whether when I presented this to him in early January
21 of '86, whether it was for final signing or just to discuss
22 with him the direction that we were going, it would be
23 hard for me to say at this point.

24 Q Do you remember that subsequent to January 6th,
25 January 7th, you had another meeting of the group?

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1 A That's right.

2 Q At that time that they were meeting -- this time
3 it was Meese and Secretary Shultz and Secretary Weinberger
4 and yourself.

5 A And the Vice President.

6 Q And the Vice President.

7 A And Don Regan.

8 Q And Don Regan.

9 Do you remember whether you were aware that
10 the President had already signed the finding?

11 A I am sure we were.

12 Q Who is we? You and the President?

13 A Let me see.

14 Q Who was aware the President had already signed
15 it?

16 A I think that no doubt -- well, on the 6th of
17 January, you would have to check the diary to see who was
18 present at the 9:30. I would have covered this with the
19 President at the 9:30 meeting on the 6th. I don't
20 remember who was there, but I would guess Don Regan and
21 the Vice President were also there.

22 But on the -- the reason for having the meeting
23 on the 1th was that the President clearly recalled the
24 last meeting at which Secretary Shultz and Secretary
25 Weinberger were there and, in fact, had made very strong

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1 cases as to why we should not proceed. I don't recall at
2 this point whether it was my suggestion to the President
3 or whether he decided that we ought to have one more
4 informal NSPG meeting.

5 What I started to say earlier and never quite
6 got it out, I don't think, we made a distinction. These
7 meetings were really characterized as a meeting of National
8 Security Advisers to the President in a broad sense rather
9 than calling them an NSC or NSPG meetings.

10 Anyway, I am certain on the 6th when the
11 President signed what I consider to be a preliminary
12 version of the finding, that also on that day we agreed
13 to have a meeting the following day to discuss that;
14 and so I'm convinced that I would have known on the 7th
15 that the President signed this on the 6th, and the President
16 remembered, and probably Don Regan and the Vice President
17 if they had been at the 9:30 the previous day.

18 But the meeting on the 7th was set up as one final
19 Review of the situation. It also -- it was at that point
20 I was concerned that we had not had the Attorney General
21 formally into it. I had talked informally with the
22 Attorney General. Either Stanley Sporkin or Ollie North
23 had talked to the Attorney General. So I knew the Attorney
24 General's position, I thought. And indeed, I did.

25 Going back to the meeting, Secretary

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1 Shultz and Secretary Weinberger had raised the legality
2 question; and if the President said what you implied he
3 did, I am sure that's why he commented that way. But --
4 and after that 7 December meeting, I had told Colonel
5 North to work with Mr. Sporkin on a new finding and also
6 get the Attorney General into the act so we could settle
7 this question as to whether there was a legal problem or
8 not a legal problem.

9 At some point between the 7th of December and
10 the 7th of January, it was reported to me by Colonel North
11 that indeed the Attorney General did not have a problem
12 with it, that earlier in the administration --

13 Q The French Smith opinion?

14 A Yes.

15 Q All right. We can always come back to that at
16 some other point.

17 A All right.

18 So one of the reasons for having the meeting
19 on the 7th of January was to give the Attorney General
20 an opportunity to tell the President that directly.

21 Q Did he tell him that?

22 A I believe he did tell him that.

23 Q And in substance, what he said was if you act
24 pursuant to a finding --

25 A Under the National Security Act --

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1 Q -- that that supersedes the Arms Export Control
2 Act?

3 A Control Act, that's correct.

4 Q That was based on the same reasoning as French
5 Smith used in his earlier opinion?

6 A Actually, to be accurate, it was what Smith
7 was doing was that he was agreeing with an analysis that
8 had been done by the legal adviser to the State Department,
9 Davis Robinson.

10 Q Now -- go ahead.

11 A I was going to say, between the 6th of January
12 and the 17th of January, we continued to work the finding.

13 Q On the meeting that you had on the 7th, what was
14 the line-up in terms of who was in favor and who was
15 against?

16 A I think everybody in the meeting on the 7th of
17 January was in favor of doing it except the Secretary of
18 State and the Secretary of Defense. That is my best
19 recollection.

20 Q That must have been a rare moment for you to
21 have both of them in agreement?

22  *Privacy*
23 Q- It was my statement.

24 MR. BECKLER: I thought he said everybody was
25 in favor of it **UNCLASSIFIED** Defense and State.

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1 THE WITNESS: They were in agreement together.

2 MR. BECKLER: Oh, I see. I see.

3 BY MR. LIMAN:

4 Q Let's go on to the reworking of the finding,
5 because it wasn't just a reworking of the finding, it was
6 a reworking of the transaction, wasn't it, the structure
7 of it?

8 A Yes.

9 Q On the 6th, and I am trying to move it along
10 so we can get out of here today and have, as I said,
11 another opportunity. But on -- at the time that you were
12 talking to the group on the 7th, you were still talking
13 about a sale by the Israelis with the United States
14 replenishing their stocks?

15 A That's correct.

16 Q What happened between the -- that meeting on
17 the 7th and the January 16th finding?

18 A Seventeenth finding.

19 Q January 17th finding. I am sorry.

20 A Let me clarify one point that I agreed with
21 you on, though. At least that was my understanding of
22 what we were talking about. We were talking about -- I am
23 not at all sure it was the Attorney General's understanding
24 at that point.

25 Q At least as you understood it --

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1 A As I understood it at the time, we were still
2 talking about Israel providing -- selling the arms to Iran
3 and the U.S. allowing the Israelis to purchase replacement
4 arms from the United States.

5 Q That had been the Nir proposal?

6 A That had been the Nir proposal.

7 Q What happened in the restructuring? How did
8 it come about?

9 A I don't recall everything that happened between
10 the 7th of January and the 16th, but we were still working
11 on the finding and making sure that -- and the meeting
12 on the 7th, I don't recall. I probably did not say in
13 the meeting that the President had signed the finding,
14 a finding the day before.

15 Q Was there a reason you didn't say it?

16 A I frankly -- again, and that's why I think
17 that, you know, it's probably accurate to say the President
18 inadvertently signed this the day before, because I hadn't
19 really had a chance to sit down and show the finding to
20 the cabinet officers involved.

21 Q So you wanted to give them an opportunity to be
22 heard, not tell them that you are just here to talk about
23 something which has happened?

24 A That's right. That's right.

25 Q The President could have changed his mind?

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1 A Could have, but I didn't think he was going to.

2 Q In any event, no action had been taken on the
3 finding at that point?

4 A That's correct.

5 Q Let's go on to why things got changed.

6 A On the 16th of January, I invited the Secretary of
7 State, the Secretary of Defense, the DCI, and the Attorney
8 General to a meeting in my office to discuss the finding,
9 and it was -- the timing of it was somewhat impromptu.
10 They had all been, I think except maybe one of them, in
11 the White House for another function. I asked them to
12 drop by my office afterwards. They did.

13 I must say that I am not certain about Secretary
14 Shultz, but before Director Casey was hospitalized --
15 before I left the White House, he and I both recalled
16 vaguely that Secretary Shultz was there at the beginning
17 of the meeting.

18 Secretary Shultz had another engagement. This
19 was in the late afternoon or early evening; but anyway,
20 Secretary Shultz knew at the time at least what we were
21 going to discuss and when he found out what it was, he
22 said, "Look, you know my position on this. I've got to
23 go to this other meeting," or function. So he was only
24 there a few minutes.

25 Later he has claimed that he was unaware there

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1 was a finding, but I always viewed that he knew there was
2 a finding. I don't believe he ever saw it, but he knew
3 that there was a finding, and frankly he had an opportunity
4 to participate in the drafting of it. But Secretary
5 Weinberger and Director Casey and the Attorney General and
6 I sat down. Stanley Sporkin was also there. I can't
7 remember whether Colonel North was there; he probably
8 came in at some time. I know -- I don't know if he was
9 there at the beginning.

10 Thompson was coming in and out of the room
11 during our discussions. I think we asked him a question
12 about the Arms Export Control Act and he went to get
13 references.

14 At that meeting on the 16th was the first I
15 learned that what the Attorney General thought we ought
16 to do was go direct from the U.S. to Israel rather than --

17 Q U.S. to Iran?

18 A Excuse me. U.S. to Iran, rather than Israel
19 to Iran, and then the U.S. to Israel. As I recall, his
20 rationale was that if -- he reiterated again that he was
21 in agreement with the William French Smith determination
22 earlier, but that if we were going to do this under the
23 National Security Act, then the CIA would be purchasing
24 the material from the Defense Department under the Economy
25 Act and under those conditions there would be no reporting

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1 requirements required to the Congress, whereas if the
2 Israelis had taken weapons from their stock and sold them
3 to Iran, those weapons that they were selling them would
4 have been transferred to Israel under the Arms Export
5 Control Act and, therefore, technically there would be a
6 reporting requirement for the third-country transfer of
7 those arms. And the way to make it clean -- and, of course,
8 I wasn't so much worried about those details, but I saw
9 this was a way that we could have more direct control of
10 the operation, because, frankly, we were uneasy with what
11 Schwimmer and Nimrod had been doing, and I just felt that
12 we had more control over the whole thing and make sure we
13 didn't go through another screw-up as in November.

14 A lot of this recollection now I have thought
15 about the issue for a long time, over the past few weeks,
16 months. And so I readily agreed to it. Secretary
17 Weinberger and Director Casey agreed to it, and the change
18 here is really not related to that issue.

19 I think the way -- it turned out that the
20 Attorney General had seen this finding, the one that was
21 signed on the 6th January earlier. I don't think at the
22 time I realized that; but as I understand it, the way
23 this was originally written on the 6th, it would have
24 allowed us to go direct.

25 Q But was a decision made that you would go direct

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1 or through an agent?

2 A Well -- oh, direct or through an agent?

3 Q Yes. As opposed to Israel.

4 A There was a discussion in the 16 January meeting
5 as to how Director Casey would implement this finding
6 once it was finally cleared off on.

7 Q What was --

8 A It was my understanding at the time that he
9 was going to use a private agent.

10 Q Was it your understanding he was going to use
11 Secord?

12 A No. I do not recall on the 16th that Secord's
13 name specifically came up.

14 Q Let me see if there are things that may refresh
15 you.

16 First, did you meet General Secord in January
17 prior to the January 17 finding to discuss Iran?

18 A I'm not certain. I may have. I really don't
19 know. I met with General Secord I guess my whole time
20 in the White House maybe three or four times.

21 Q What do you recall talking to him about?

22 A One, it seems to me it was either just before
23 or just after the trip to Tehran.

24 Q Okay. When else do you recall meeting with him?

25 A I am just trying to remember.

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1 Q Did you ever meet with him to talk about the
2 contras?

3 A It's conceivable that I did. It wouldn't have
4 been to any level of detail. It would have been to thank
5 him for his efforts rather than going into any details.

6 It seems to me he came in on a Saturday morning
7 at some point, but I can't recall whether that was related
8 to Central America or to the Iranian project.

9 Q Do you remember when it was?

10 A I'm sorry. I just can't.

11 Q I apologize. I do not have your schedule here.
12 I could have brought it. I wanted to move more into
13 other things.

14 A I met with him a few times. It was mainly what
15 I would categorize as hand holding. In other words, in
16 my view, General Secord was making a significant sacrifice.

17 Q What was that based on?

18 A That was based on the fact -- well, for instance,
19 I can recall a discussion [REDACTED]

20 [REDACTED]
21 [REDACTED] "You know,
22 Dick is losing a lot of money in that he's not having time
23 to attend to his other business."
24 [REDACTED]
25 [REDACTED]

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Colonel North was always telling me that he thought Dick was losing money.

Q There came a point --

A So --

Q I am sorry.

A I was going to add, so one of the objectives in meeting with Dick the few times I did was to thank him and indicate to him that we appreciated his efforts.

Q Did there come a point when you learned that the Second company was going to be used as a vehicle in the Iranian arms transaction?

A Yes. At some point that became obvious to me; but frankly, I left it up to -- you know, I'm not trying to back off from anything here, but I really always did view the implementation of the finding as Bill Casey's responsibility, and I wanted it to be -- I wanted the project run the way he wanted to run it. If we wanted to continue to use Ollie North on my staff as a significant player, that was fine; and Bill chose to run it that way. I agreed with him.

Q Did you --

A I left the decision about who should be the agent up to Bill.

Q Did there come a point when you realized that

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1 there was a differential between the price at which the
2 CIA was paying for these missiles and the price that the
3 Iranians were paying?

4 A Yes. As I said earlier, when Colonel North
5 came into me initially, which I think was in February, it
6 was clear from that discussion at least in general terms
7 that the way they would -- the way Colonel North had proposed
8 that it be done, that these funds could become available,
9 would be by overcharging the Iranians for the arms.

10 Q Did you know what the amount of the profit was?

11 A I didn't know that. I may have known in general
12 magnitude, but --

13 Q Did you know, for example, that the Iranians were
14 paying around \$10,000 a TOW?

15 A I remember hearing that figure.

16 Q I could show you PROF notes that show it.

17 A Yes.

18 Q Were you told that the Defense Department was
19 getting about \$3500 a TOW?

20 A Yes, I knew about that.

21 Q So if I subtracted one from the other, I come
22 up with \$6500 and multiply it times 1000, it's \$6.5 million;
23 right? Is my arithmetic right?

24 A Yes.

25 Q Who did you think was going to be getting that

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1 profit?

2 A That profit would go into one of the accounts
3 that General Secord had that he would then use to purchase
4 arms to support the democratic resistance.

5 Q Who told you that?

6 A Colonel North.

7 Q So that you believed that whatever the profit
8 was on all of these transactions would go to the contras?

9 A Well, yes. There were -- there would be admini-
10 strative costs in terms of chartering aircraft.

11 Q But that's expenses.

12 A Yes.

13 Q But the profit itself --

14 A I was -- in fact, the issue never came up. I
15 certainly never assumed that anybody would make a personal
16 profit out of the --

17 Q When you say you never assumed, did someone
18 tell you that Secord isn't going to make a profit out of
19 it?

20 A I don't recall a conversation in which that was
21 specifically said, but the reason that I said what I did
22 earlier was that my frame of mind, I mean the atmosphere
23 at the time, was that Dick was losing money, not making
24 money.

25 Q Who told you he was losing money?

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1 A Colonel North.

2 Q So what you had was that you had some information
3 about what the prices were that indicated that there should
4 be a substantial profit, or a high profit?

5 A Yes. Several million dollars was the way I
6 thought about it.

7 Q Well, how did you get from a differential of
8 \$3500 a TOW to -- a differential between \$3500 a TOW cost
9 and \$10,000 selling price to just several million dollars?

10 A Because there were -- you are going back to
11 Nir's proposal. We were talking in terms of several
12 thousand TOWs.

13 Q If there were several thousand TOWs, then for
14 each TOW, you have a \$6500 gross profit?

15 A Right.

16 Q And for 1000 TOWs, you have \$6.5 million gross
17 profit?

18 A Right.

19 Q I don't know what figure you were using in
20 your mind for expenses, but it couldn't be --

21 A No. I said --

22 Q -- that much.

23 A The point I was trying to make, maybe I didn't
24 make myself clear, it was clear to me that if all this
25 worked as planned, there would be several million dollars

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1 go to the support of the democratic resistance.

2 Q My question is, what would happen to the
3 difference?

4 A I didn't know there would be a difference.

5 Q You thought whatever profit there was was going
6 to the contras?

7 A That's right.

8 Q The reason you thought that was because that's
9 what North was telling you?

10 A Yes. And I don't have any reason to doubt
11 that. I hope that's the way it happened.

12 Q You would rather, even with all the criticism
13 that has occurred, you would rather have the money go to
14 the contras than into someone's pocket?

15 A Absolutely.

16 Q Why is that?

17 A Beg your pardon?

18 Q Why is that?

19 A Well, that was the objective. At the time --

20 Q Your lawyer might prefer it to go the other
21 way.

22 A Nobody thought in terms of illegalities. We
23 thought that -- I thought I was carrying out, you know, the
24 President's objective. As I said earlier, we knew it
25 would be controversial, but our mood was one of doing what

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1 we thought was in the best long-term interests of the
2 United States.

3 Q Admiral, you said before that the -- that you
4 saw this as consistent with getting money from private
5 donors or third countries?

6 A Correct.

7 Q If it were from private donors, it would be
8 from Secord? Who was it that was giving you the money?

9 A From Iran? From the Iranian project?

10 Q Yes.

11 A Secord or whoever the private agent was.

12 Q Did you think of it in terms of the fact that
13 the Ayatollah was at least indirectly paying for the
14 contras?

15 A We thought about it that way.

16 Q Who is we?

17 A Colonel North and I.

18 Q Did you find that ironic?

19 A Yes.

20 Q Was not that something that you attempted to
21 share with the President of the United States?

22 A No.

23 Q You never had any temptation to say to the
24 President that we got the Ayatollah to pay for the
25 contras?

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1 A Mr. Liman, that's not my style to -- I really am
2 a very low-profile person. I don't feel that I need a lot
3 of acknowledgement in order to get any sort of psychic
4 income. I knew that it --

5 Q I am talking about psychic income for the
6 President, not for you.

7 A I know that. I knew it would be controversial.
8 I thought the best way to protect the President on the
9 issue and at the same time make possible his policy objec-
10 tives was not to tell him about it. I really didn't.

11 I only talked to Colonel North about -- he is
12 the only person I have ever talked to about it until
13 Monday the 24th of November when Ed Meese came to see me,
14 and then on the 25th, in the meeting with the President.

15 Q You also then later talked to the FBI about
16 it, too?

17 A No. I don't believe I did. My only contact
18 with the FBI was they -- as I told you earlier, I had a
19 safe out at my house and sometime -- in fact, I think it
20 was the Friday just before I retained my attorneys. They
21 wanted to come out, two of their agents came out to the
22 House with one of the NSC staff administrative people to
23 collect the contents of my safe. The only thing that was
24 in the safe was a -- my portable computer terminal, PROF's
25 terminal. I did not keep papers in the House.

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1 Q Admiral --

2 A But I don't think I have ever said anything to
3 the FBI about the transfer of funds.

4 Q Admiral, did you ever tell the President of the
5 United States that Iran was giving any money to the
6 contras?

7 A I have no recollection of that.

8 Q Did you ever tell any third person that you had
9 told that to the President?

10 A No. I have read the press reports. I have not
11 knowingly told anybody since I left the White House except
12 my attorneys and my wife.

13 Q You knowingly told them about what?

14 A Knowingly said that I had talked to the
15 President. I assume you are talking -- maybe it's the
16 wrong assumption. I assume you are talking about the
17 press reports that I was going to testify that --

18 Q The press reports that said that you had talked
19 to the President twice.

20 A I don't know where that comes from. I have
21 not told anybody that, you know.

22 Q You never told anybody, including your wife,
23 that, I take it?

24 A Told --

25 MR. BECKLER: Told your wife --

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1 BY MR. LIMAN:

2 Q Told your wife that you told the President on
3 two occasions?

4 A No.

5 Q As far as you are concerned, that's a falsehood?

6 A That's a falsehood. I don't want to think ill
7 of people. But it is conceivable I said something that
8 caused somebody to interpret something I said that way.
9 I don't think I have even said that.

10 Q What could you have said that was truthful
11 that would have led to that interpretation?

12 A I have no idea.

13 Q Did you ever say that to Admiral ^{Moreau} Morrow?

14 A No. Admiral ^{Moreau} Morrow was --

15 Q He died in December.

16 A Yes. But he was out of the country -- I forget
17 when he went to Naples. It was before -- in fact, I
18 ~~hadn't~~ ^{Moreau} talked to Admiral ~~Morrow~~ since he left the
19 United States.

20 Q After you left office, did you have conversations
21 with Mr. McMahon, the Staff Director of the Senate
22 Intelligence Committee?

23 A The last time that I saw Mr. McMahon, and I
24 think the only time --

25 MR. BECKLER: since leaving office?

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1 THE WITNESS: Since leaving office -- was he
2 attended the meeting that I had with Senator Durenberger
3 and Senator Leahy on Friday the 21st of November.

4 BY MR. LIMAN:

5 Q So the answer is you never told him anything
6 to that effect?

7 A No.

8 Q When he was called to testify.

9 A Oh, that's right. That weekend in December.
10 I forget.

11 Q When you were called to testify then?

12 A Right.

13 MR. LIMAN: Mark as the next exhibit the
14 memorandum that accompanied the finding for the President
15 and the finding itself. It's a memorandum dated January 17,
16 1986.

17 (Poindexter Exhibit No. 14 was
18 marked for identification.)

19 MR. LIMAN: Mark as the next exhibit the
20 notes of Admiral Poindexter's of January 17, 1986.

21 (Poindexter Exhibit No. 15 was
22 marked for identification.)

23 MR. LIMAN: You can also look at Poindexter 15.

24 THE WITNESS: This must be out of the -- this
25 must be out of the 9:30 file.

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1 MR. BECKLER: Referring to exhibit --
 2 THE WITNESS: Fifteen.
 3 MR. VAN CLEVE: Is that your handwriting?
 4 THE WITNESS: Yes. It is my printing.
 5 MR. BECKLER: Do you have another copy of that?
 6 MR. LIMAN: Yes. Here you go.
 7 BY MR. LIMAN:

8 Q Israel to Iran reporting problem, new plan,
 9 submit determination of vice 500. What does that mean?

10 A We are talking about 1000 TOWs vice 500 TOWs.

11 Q Downside meant you discussed the downside of it?

12 A Right.

13 Q New finding meant you told -- right under it --
 14 you told the President that the Attorney General, Meese,
 15 and the DCI had approved?

16 A The finding, that's right. Shultz and
 17 Weinberger --

18 Q Still recommending against it?

19 A That's correct.

20 Q If you look at the -- is it Exhibit 16, the
 21 memorandum dated January 17, 1986?

22 A That's Exhibit 14.

23 Q Exhibit 14. Who prepared that for you,
 : General, do you recall?

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I am almost certain Colonel North did. In fact --

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1 yes. Page 3, it indicates it's prepared by Oliver L. North.

2 Q If I look at page 3, it says R.R. per J.P.
3 understands the recommendation. Why did you do it that
4 way?

5 A Because that's the way I often did issues where
6 I discussed them verbally with the President. As I recall,
7 that day when I met with the President, with the final
8 version of the operative finding, because it was so
9 sensitive, I did not make any usual copies of it to hand
10 out to the Vice President and the Chief of Staff but instead
11 kept the cover memo in my hands and probably read the cover
12 memo to the President and just gave him the finding that
13 was attached.

14 In a case where I did that, maybe you will
15 find others in the record where a similar thing happens --

16 Q Where it says "1000 ~~thousand~~," is that
17 your handwriting? Page 3?

18 A Yes. That's 10 hundred. In other words --

19 Q That's the hour?

20 A That's the hour.

21 Q Would you look at page 1. It says, "We have
22 researched the legal problems of Israel selling U.S.-
23 manufactured arms to Iran. Because of the requirement in
24 U.S. law for recipients of U.S. arms to notify the U.S.
25 Government of transfers to third countries, I do not

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1 recommend that you agree with the specific details of the
2 Israeli plan. However, there is another possibility.
3 Sometime ago, Attorney General William French Smith deter-
4 mined that under an appropriate finding, you could authorize
5 the CIA to sell arms to countries outside of the provisions
6 of the laws and reporting requirements for foreign military
7 sales. The objectives of the Israeli plan could be met
8 if the CIA, using an authorized agent, as necessary,
9 purchased arms from the Department of Defense under the
10 Economy Act and then transferred them to Iran directly
11 after receiving appropriate payment from Iran."

12 A That's correct.

13 Q What did "appropriate payment" mean?

14 A It meant whatever -- in the context of this
15 memo, it meant whatever the price was that we would have
16 to charge the Israelis for replacements. In other words,
17 the point that was being made there is that if Israelis --
18 as happened earlier, if they sent them older versions of
19 the TOW missile, that they had better collect enough to
20 buy the improved version because what we would want to
21 sell the Israelis in return was the improved version, and
22 so the appropriate payment is exactly what it means.

23 Q I gathered what this was talking about was a sale
24 by the CIA of arms?

25 A Oh, I see what you mean. I see your point.

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1 I understand the point you are driving at here, too, I
2 guess.

3 MR. BECKLER: Just answer the question. What
4 does "appropriate payment" mean, if you know?

5 THE WITNESS: I don't know.

6 BY MR. LIMAN:

7 Q Was it contemplated when you sent this memorandum
8 that the middleman would make a profit?

9 A That was certainly not my understanding.

10 Q At the time you sent this memorandum, was it
11 contemplated that there would be funds generated to be
12 used for the contras?

13 A That was not my understanding.

14 Q So at the time you presented this verbally to
15 the President of the United States, you were not talking
16 about generating funds for the contras?

17 A No.

18 Q And you were not talking about generating a
19 profit for a middleman?

20 A That's correct.

21 Q When did that come into the picture?

22 A As I told you, to the best of my recollection,
23 it was in February when Colonel North came to me and said
24 that he had figured out a way to provide additional
25 support, he thought, to the contras.

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1 Q Admiral, did it not occur to you at that time that
2 if there was going to be a spread between what you were
3 getting from the Iranians and what you were paying to the
4 CIA or Defense Department, that that was money that might
5 appropriately belong to the United States of America?

6 A That thought never crossed my mind.

7 MR. BECKLER: At what time?

8 THE WITNESS: At that time.

9 BY MR. LIMAN:

10 Q When Colonel North reported this?

11 A That's correct.

12 Q You talked earlier about the fact that you had
13 obtained a legal opinion or the NSC has a legal opinion
14 that it wasn't covered by Boland; do you recall that?

15 A Yes.

16 Q Who asked for that opinion?

17 A From the IO^BX?

18 Q Yes.

19 A I don't recall specifically. There was quite
20 a bit of discussion at the time with -- we actually --
21 there were three lawyers on the staff at the time, Bob
22 Kimmet, who was the executive secretary at the time, and
23 Bob Pearson, his deputy, and Commander Thompson, the
24 General Counsel, and there were several discussions by
25 my recollection of the question of whether the Boland

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1 Amendment really covered the NSC staff; and as to who asked
2 the IO⁸, I don't know the answer to that.

3 Q Did you see the opinion that was issued?

4 A I don't recall actually seeing it, but I recall
5 being aware of its contents.

6 Q Who made you aware of the contents?

7 A I don't recall.

8 Q Did you seek any advice, sir, from the Attorney
9 General on that subject?

10 A I did not.

11 Q Or from the President's counsel?

12 A I did not.

13 Q You have talked about the fact that you were --
14 you realized when Colonel North told you that money could
15 be funneled to the contras that it could create a ruckus
16 or some political embarrassment; you remember that?

17 A Right.

18 Q That was one of the reasons that you did not
19 report this to the President?

20 A That's correct.

21 Q Did you not have some reservations about whether
22 you ought to take that kind of risk?

23 A Well, now that's a hard thing to reconstruct,
24 what happened over a year ago and exactly all my thinking.

25 I knew it was risky. Whether I should take it or not,

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1 I don't know.

2 Q Was the situation with the contras so desperate
3 at that point?

4 A It was pretty grim. It was.

5 Q

6

7 A

8

9 Q

10

11 A

12 Q

13 A

14

15

16

17 Q Admiral, were there -- are there any other
18 occasions during your tenure as either the National
19 Security Adviser or the deputy where you made a conscious
20 decision to approve some activity but not report it to
21 the President because it would create potential embarrass-
22 ment for him?

23 A I don't think there was anything else, of this
24 magnitude. This was clearly the biggest decision, of
25 this kind.

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1 The President's span of control, of course, was
2 much broader than mine. He had a limited amount of time
3 to focus --

4 Q This would have taken five minutes to tell him,
5 sir.

6 A The point I want to make, though, is -- and
7 I am not trying to say this was not an insignificant
8 decision. I was making judgment calls every day as to what
9 to ~~believe~~^{believe} the President on or not. This was certainly
10 an out-of-the-ordinary kind of decision; but, you know,
11 I was used to quickly evaluating the facts and making
12 a decision as to whether to ~~believe~~^{believe} or not ~~believe~~^{believe}.

13 This one I felt confident that it was consistent
14 with his policies and I thought that -- and still do feel
15 that -- I had the authority to do it.

16 Q Did you tell Oliver North that you had reported
17 this to the President?

18 A No, I did not tell him that, to my recollection.

19 Q Did you tell anyone else prior to the time
20 that this broke in November, the Monday when you were --
21 discussed this with the Attorney General, did you tell
22 anyone else what North had told you about the funneling of
23 the proceeds to Iran?

24 A No. I told nobody else.

25 Q Did you discuss it with Casey

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1 A I did not discuss it with Casey.

2 Q Why was that?

3 A Frankly, I did not want to discuss that or
4 directly discuss with him Colonel North's activities with
5 regard to supporting the contras.

6 Q Why?

7 A Because I didn't want to -- Director Casey --
8 I'll be very frank here -- as well as the other cabinet
9 officers, having to testify on the Hill, I did not want
10 to put him or anybody else in a position of being evasive
11 in terms of answering questions.

12 Q Do you remember any instance where Director
13 Casey told you that Oliver North was indiscrete in front
14 of [REDACTED] and had talked about where you were getting the
15 money for the contras?

16 A That rings a bell.

17 Q I'll show you a document.

18 A Yes. I forgot all about that. I'm trying to
19 remember --

20 Q And you reported it to Mr. McFarlane?

21 A Yes. There is a vague recollection of -- but
22 I can't remember what the circumstances were.

23 Q Was there really a point of view that you had
24 that you should not share the information about what the
25 NSC was doing to keep the contras going with the other

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1 cabinet officers? That's correct?

2 A That's correct.

3 Q Did you notice on their part a point of view
4 that they shouldn't ask too many questions?

5 A That's exactly right.

6 Q Was it ever said in those words, did anyone
7 say "we just don't want to know"?

8 A It's possible. I don't recall a specific
9 incident where somebody said that.

10 What I was going to add is that not only do I
11 think that by and large that was the view of the cabinet
12 officers and a lot of other people in Government, but I
13 also think that was the view of many people in Congress.

14 Q What do you base that on?

15 A Well, I base that on the fact that in August
16 or sometime in late '86, a resolution was introduced on
17 the floor of the House to require the President to provide
18 documentation on the NSC activities, and it was referred
19 to three of the committees of the House, and the House
20 Armed Services Committee voted it out with a negative
21 report.

22 By that time, it was relatively common knowledge
23 that -- there was a lot of speculation that Colonel North
24 was involved, but you know all of that put together told
25 me that people didn't want to know.

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1 My attorneys have reminded me of -- that
2 Secretary Shultz did take that kind of view and expressed
3 it to me of really not wanting to know the details on
4 the Iranian project.

5 Q Saying to you what and when?

6 A Well, it would have been sometime in the --
7 probably the spring of '86. Secretary Shultz and Secretary
8 Weinberger and Director Casey and I periodically had what
9 we called a family group lunch and there ought to be in
10 my files a folder -- I thought there was a folder in which
11 there may be some notes from those family group lunches;
12 but I used at least one of those occasions to give them
13 an update on the Iranian project and it was either during
14 the lunch or after the lunch, by my recollection, that
15 Secretary Shultz said, "Look, you know my feeling on this.
16 I don't think we ought to be doing it. Just don't bother
17 me with details," or something like that, "on stuff I
18 don't need to know."

19 MR. BECKLER: Arthur, how about a five-minute
20 pause?

21 MR. LIMAN: Sure.

22 (Recess.)

23 MR. LIMAN: Mark as the next exhibit a memorandum
24 undated but bearing our Bates Nos. N-7514 to 7522.

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1 (Poindexter Exhibit No. 16 was
2 marked for identification.)

3 MR. LIMAN: While we are at it, mark a PROF
4 note of April 3, 1986.

5 (Poindexter Exhibit No. 17 was
6 marked for identification.)

7 MR. LIMAN: That is April 7.

8 MR. BECKLER: At the top it says April 3.

9 MR. VAN CLEVE: We are referring to the actual
10 date, which I think is the 7th.

11 THE WITNESS: This is a very strange document.

12 BY MR. LIMAN:

13 Q Have you seen this document before?

14 A Well, that is my handwriting on the cover
15 sheet, but I don't think all these pages are related.

16 Q Well, this is the way it was given to us after
17 being taken by the FBI. I believe, Admiral, that a copy
18 of this was in your file.

19 A Well, as I said, that's my handwriting at the
20 top, with instructions to my outer office.

21 Let me finish looking at it.

22 Q Tell me what is strange about it. It reads
23 from one -- pages 1 through page 5, and it refers --

24 A But you see --

25 Q -- to the terms of reference.

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1 A But I think -- oh, okay. I see what it is.

2 Q It asks that the President approve the terms of
3 reference and then the terms of reference follow.

4 A When I first started reading it, I thought it
5 was an early draft of the chronology, but it isn't that.

6 Q No, it isn't.

7 A Okay. I see what it is.

8 Q Okay. Do you recall seeing this document?

9 A Yes. I recall seeing it, but the time that I
10 recall seeing it is -- well, until I saw this --

11 Q This being your handwriting?

12 A My handwriting here.

13 You see, I am not sure -- I think what this is,
14 as I told you earlier, on Sunday, the 23rd of November,
15 Colonel North called me -- maybe I didn't say this yet.
16 Colonel North called me at home on Sunday the 23rd after
17 he had finished meeting with the Attorney General most
18 of the day; and I was getting ready to sit down and eat
19 dinner. I think it was on a non-secure line.

20 Colonel North said, "Admiral, I spent all day
21 with the Attorney General, and his people turned up a
22 memo on the contra connection to the Iranian project."
23 He said, "I've explained everything to the Attorney
24 General." I can't remember my exact reaction, but at
25 that point I was getting pretty tired.

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1 But anyway, I said, "Well, I'll see you in the
2 office tomorrow."

3 He came into the office on Monday, explained
4 that the Attorney General's people had found a memo and --
5 in his safe which revealed the contra connection. I
6 believe I probably said something to the effect at the
7 time I was surprised there was anything in writing on it.
8 I said, "I don't remember the memo that you are referring
9 to. Send me a copy of it."

10 Later in the day, either -- well, it would have
11 been Monday the 24th, I guess -- later that day, he
12 apparently sent a copy over and the first time I recall
13 seeing this together was the following morning on the
14 25th. After I had breakfast, after seeing the Attorney
15 General early in the morning, and also talking to Don
16 Regan, Commander Thompson came in. I said, "Did Ollie
17 ever send over that memo?" He brought what I believe --
18 this is a copy of what he brought in at that time.

19 I think the timing on this note on the top was
20 sometime that last week in November.

21 Q You mean the note that you wrote "keep this
22 together for me. Iran. J.P." You believe you wrote
23 that when you were given the copy in November?

24 A That's right.

25 Q But did you see this at or about the time it

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1 was written?

2 A I may have. I did not recall it. I don't recall
3 it now.

4 Q When you look at it, there's a reference to "the
5 residual funds from this transaction are allocated as
6 follows." It says, "\$2 million to purchase the replace-
7 ment TOWs," and then says "\$12 million will be used to
8 purchase critically needed supplies for the Nicaraguan
9 democratic resistance forces."

10 A Right.

11 Q Does that refresh your recollection that you
12 saw this memo at the time?

13 A No, it doesn't.

14 Q Were you given that information orally?

15 A I think -- you know, I have tried to speculate
16 and recall whether I had seen this before. My supposition
17 is that this is probably the memorandum that Colonel
18 North used to brief me on the Iranian project and that he
19 had come up with a plan that would transfer funds to the
20 contras.

21 Q Let me ask you this, Admiral: When you briefed
22 the President on a January 17th finding, you were talking
23 about a sale by the CIA to Iran without any profit to the
24 agent; that's what you were talking about, correct?

25 A That's correct.

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1 Q Now you are being told by Colonel North that
2 the transaction is going to end up generating as much as
3 \$12 million for the contras; correct?

4 A That's correct.

5 Q Did you not think that it was a matter of
6 sufficient importance that the President of the United
7 States should make the decision?

8 A No, I didn't.

9 Q You recognize that if this became public, the
10 fact that the money was being funneled, it would cause
11 enormous embarrassment to his administration; correct?

12 A I think that's probably one thing that I under-
13 estimated.

14 Q Well, did you not realize that it could at the
15 very least cause problems with Congress in terms of funding?

16 A I didn't think those were insurmountable. I
17 knew it would cause problems. That is clearly why I decided
18 not to tell him.

19 Q But by not telling the President, you preempted
20 a decision from him; is that correct?

21 A I didn't view it that way, Mr. Liman. I viewed
22 it as the important objective here was to keep the
23 democratic forces, the contras, alive, until we got the
24 legislation changed.

25 As I said earlier, we were very confident,

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1 including myself, that we could get the legislation in
2 1986. But it was going to take time. We simply -- they
3 didn't have the funds to last that long.

4 Q Who told you they didn't have the funds to last
5 that long?

6 A Colonel North. That was also, I think, supported
7 by the general view of the restricted IG and the CIA that
8 were keeping track of it from an intelligence point of
9 view.

10 Q Admiral, were you not told that the NHAO
11 organization couldn't even spend the money that had been
12 appropriated for it?

13 A No. I was not told.

14 Q Did you ever meet Mr. Duemling?

15 A Duemling. I met with Duemling very early on
16 when the NHAO was established. Secretary Shultz, as I
17 recall, had kind of a kick-off organizational meeting
18 with all of the interagency players that were involved
19 and I attended that, but didn't attend that level. He
20 did not chair it again. So I didn't attend any more of
21 those meetings.

22 I can't recall -- I could have had some tele-
23 phone conversations with Duemling, but my staff dealt
24 with him and I didn't.

Q I marked as the next exhibit

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1 A I don't think, by the way -- excuse me. I don't
2 think that -- if that is the case, I'd be very surprised;
3 in fact, I thought just the opposite was the case, that
4 NHAO was going to run out of money at the end of March.
5 There would still be material in the pipeline.

6 Q You didn't know he had to make block grants in
7 order to get rid of the money by the time that Congress
8 had put the deadline on?

9 A I don't recall being aware of that.

10 Q Admiral, did you ever see any other versions
11 of this memorandum, referring to the use of the proceeds
12 of the arms sales for Iran?

13 A I do not recall seeing any other versions of
14 it.

15 Q Any other writings referring to it?

16 A Writings?

17 Q Other than that PROF note on the 6 million?

18 A I simply don't recall.

19 Q Did you ever --

20 A In fact, my operating assumption was that
21 there wasn't anything in writing on it, because I told
22 Colonel North repeatedly not to put anything in writing
23 on the transfer of funds to the contras and not to talk
24 to anybody about it.

25 Q Transfer of funds from whom?

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1 A From the Iranian project to the democratic
2 resistance, to the contras.

3 Q How many -- you said you told him repeatedly?

4 A I told him several times. I was surprised to
5 learn -- and I forget exactly when I learned it -- that
6 he said something to Mr. McFarlane on the way back from
7 Tehran. I would have advised him or told him not to do
8 that if I knew he was planning on it.

9 Q Why?

10 A Because, again, I didn't want anybody else
11 responsible for it.

12 Q You were willing to take the rap yourself?

13 A I was willing to take the responsibility for
14 my decision. I thought it was important to the President
15 and I thought it was important to the long-term interests
16 of the United States.

17 MR. VAN CLEVE: Admiral, did it ever occur to
18 you that because you didn't tell the President about the
19 fact that the Iranians were about to be overcharged, you
20 might prejudice the possibility of future relationships
21 between the United States and Iran?

22 THE WITNESS: That was not really part of my
23 calculus, I guess. We thought -- I think, trying to
instruct again my frame of mind at the time, by that
fact, when Colonel North raised this with me, we knew

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1 that the Iranians were being overcharged prior to U.S.
2 involvement. The Iranians were, in my assessment, were
3 aware that they were having to pay premium prices, and
4 its long-term impact on U.S.-Iranian relations was pretty
5 low on my concern.

6 BY MR. LIMAN:

7 Q Did North tell you the mechanics by which this
8 money would be channeled?

9 A Not when he first raised it.

10 Q At any time?

11 A At some point after that, I think I became aware
12 that at least in general terms, that money was -- the money
13 was going from the Iranians to the Israelis, thence to an
14 account that Secord had control of, and then a portion of
15 that would go to a CIA account, which the CIA would then
16 use to pay the Defense Department. I had a general
17 understanding of that.

18 Q And the balance?

19 A The balance would be used to support the
20 contras.

21 Q You understood --

22 A Now, I did not know, for example, that Khashoggi
23 was involved in the bridge financing, so to speak.

24 Q Did you know that Secord was privy to the fact
25 the money would be used for the contras?

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1 A Oh, that Secord was privy to that?

2 Q Yes.

3 A Yes. Absolutely. In fact, I thought Dick was
4 engineering this.

5 Q Why did you think that?

6 A Because of what Colonel North told me.

7 Q What did he say about that?

8 A I can't remember exact conversations. But
9 I certainly -- you know, I left office with that assump-
10 tion.

11 Q When you left office, did you believe that all
12 of the profits of this transaction had been channeled
13 to the contras?

14 A That's correct. I didn't have any reason to
15 believe otherwise.

16 Q Am I correct that it would come as a surprise
17 to you if a substantial portion of that money was in
18 effect profit?

19 A You mean personal profit?

20 Q Or profit to the Lake enterprise?

21 A That would be surprising.

22 Q Would it be surprising in part because you were
23 told -- I think you testified to this from time to time
24 that Secord was losing money, and needed money?

25 A It would still be surprising.

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1 Q North told you that Secord wasn't making money
2 out of this?

3 A I don't recall that Colonel North specifically
4 told me that. I do recall conversations in which he said
5 that he felt that Dick was losing money.

6 Q That's the same.

7 A Yes.

8 Q Did he tell you that he was in debt as a result
9 of this?

10 A I don't believe so.

11 Q Did he ever ask you to intervene with Director
12 Casey to persuade Casey once the CIA came back in to buy
13 the assets that the Secord group had?

14 A That's correct. But that was --

15 Q Wait. Your lawyer --

16 MR. BECKLER: I just had an observation to make.
17 Maybe it's total linguistics. It's possible that Secord
18 could be losing money and making money on this, but still
19 losing money.

20 MR. LIMAN: Richard, that's possible. I'm not
21 trying to, you know, get him to that kind of linguistics
22 thing. I am trying to get the Admiral's memory of this.

23 There are documents which he will have an
24 opportunity to look at. But we are going to try to finish
25 without much more ado.

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1 THE WITNESS: Yes. I remember that incident.
2 As I recall, it was presented to me from the standpoint
3 that -- all during the latter part of 1986, once we got
4 the two votes through the House and the Senate, and we
5 kept pushing to get the conference report out and get the
6 appropriation, but we were preparing for [REDACTED]

7 [REDACTED]
8 [REDACTED] and Colonel North's point to me, as I recall, was
9 that it's ridiculous to have this logistics apparatus set
10 up, functioning well, and the CIA not pick it up and go
11 off and re-establish and set up their own; time will be
12 lost that we can ill afford. It would be a terrible waste
13 of those assets.

14 So he asked me to talk to Director Casey. He
15 said the lower-level people at the CIA didn't want to touch
16 it because of their fear that they would somehow be
17 contaminated by that; and as I recall, I agreed to talk to
18 Director Casey.

19 I don't remember -- I don't believe I actually
20 talked to Bill about it, but I think I did talk to Bob
21 Gates.

22 BY MR. LIMAN:

23 Q Were you asked to talk to him about buying them,
24 buying the assets?

25 A I believe so. I believe so

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1 Q Do you remember what price was put on them?

2 A I don't remember that.

3 Q You did talk to Gates?

4 A I believe I did talk to Gates. And I went over
5 the arguments about why it would be useful to do that; and
6 Bob said, "Let me check into it," or something like that.

7 Q If you look at Exhibit 17, which we believe was
8 written -- it's a PROF note to you about the same time
9 as Exhibit 16, would you examine it and if you examine
10 it, you will notice it says, "Per request of J.M.P., have
11 prepared a paper for our boss which lays out arrangements."

12 Can you tell me, sir, whether that refers to the
13 paper about the use of the proceeds of the arms sales for
14 the contras?

15 A I don't know.

16 Q Did you ever ask Colonel North to prepare a
17 paper for the President in which you -- in which he
18 described the amount of money that was going to be
19 available to the contras from the arms sale?

20 A No. I did not.

21 Q Did you ever destroy any papers reflecting the
22 use of any of the proceeds of the arms sale for the
23 contras?

24 A As I said, Mr. Liman, earlier, you know, I did
25 not recall seeing this memo. To my knowledge, there wasn't

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1 anything in writing on this.

2 Q Did you destroy any paper reflecting the use
3 of proceeds for the contras?

4 A I did not. Not knowingly.

5 Q Do you recall any piece of paper other than
6 the ones we have talked about, the \$6 million one and this
7 memorandum that refer to that subject?

8 A Sometime in October of 1986, it was after the
9 aircraft with Hasenfus aboard was shot down, I recall having
10 a couple of conversations that may or may not be pertinent.
11 One was with Colonel North in which he came into my office
12 to report on the details of the shoot-down of the aircraft.
13 He reported to me there had been a lot of identifying
14 information aboard the aircraft. I told him I was very
15 displeased with that. I didn't think it was very profes-
16 sional, that these guys needed to shape up in terms of
17 maintaining deniability of the operation and carrying
18 identifying information aboard the aircraft was just not
19 acceptable.

20 I don't recall the conversation precisely, but
21 I conceivably could have said something to him about his
22 records.

23 Then later, by my best recollection -f

24 Q Said something to him about getting rid of his
records?

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1 A I could have. I don't recall specifically doing
2 that, but my mood at the time was one of annoyance, and I
3 do specifically recall talking to him about the information
4 that was aboard the aircraft.

5 But, you know, Colonel North would have had a
6 clear view that I didn't want anything in writing on the
7 support to the contras.

8 Later -- and I believe it was the same month --
9 Mr. DeGraffenreid, the special assistant to the President
10 for intelligence affairs, came in to see me and to indicate
11 his concern for Colonel North's exposure on Central
12 America. At that time there were a lot of stories in the
13 newspaper. He wanted to know if I recalled that there were
14 several memorandum in System 4, which was our paperwork
15 system, to keep track of intelligence matters and other
16 sensitive issues on Central America that would be very
17 damaging to the administration, that talked about details
18 of supporting the contras.

19 I told him I didn't recall the memos specifically,
20 but I did recall back in early '84 or '85 that Colonel
21 North had sent some memos to Mr. McFarlane and laid out the
22 status of funding for the contras and the status of
23 logistics, but it had been months or maybe even years
24 since I had seen those memos and I didn't really recall
25 exactly what was in them.

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1 The clear intent of Mr. DeGraffenreid's visit
2 was to figure out a way to get rid of those memos, and
3 I told him that I couldn't -- as I said, I couldn't
4 remember what was in them, but go talk to Colonel North
5 and see what you could work out, or words to that effect.

6 Q When was that?

7 A That was probably sometime in October, as near
8 as I can tell.

9 Q Before the Iranian thing became public?

10 A Yes.

11 Q After Hasenfus?

12 A After Hasenfus was shot down. As near as I can
13 place it.

14 What I assumed had set Mr. DeGraffenreid off
15 were all the stories appearing in the paper at the time.

16 Q Do you recall -- I am sorry. Go ahead.

17 A I guess that's really the end. I think I have
18 answered your question.

19 Q Yes.

20 Do you recall that in August of '85, when the
21 congressional committees made inquiries of the NSC about
22 these activities, that a file search was done then? Were
23 you aware of that?

24 A I am not aware of that.

25 Q Were you aware at that time of any effort to

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1 get rid of documents that were embarrassing?

2 A No. I don't recall that.

3 Q Were you involved in the formulation of the
4 replies to the congressional committees about North?

5 A I was not. In fact, I don't think I have seen
6 those letters other than the extracts that are in the
7 Tower Commission Report.

8 MR. VAN CLEVE: What about the period during the
9 resolution of inquiry, which is 1986? Were you involved
10 in a document search at that time?

11 THE WITNESS: Not a document search.

12 MR. VAN CLEVE: How about a document review?

13 THE WITNESS: I don't believe so. But -- the
14 1986 activities came to my attention when Chairman
15 Hamilton sent me a letter in which he wanted to -- he
16 wanted me to make Colonel North available to talk to the
17 House Intelligence Committee. I was aware that the letters
18 had come in the previous year.

19 Mr. McFarlane had worked those letters personally.
20 He had come up to the Hill and had several meetings up
21 here.

22 In discussing -- and for some reason, not
23 particularly deliberately, I had just never gotten around
24 to reading the replies of the letters that he sent. In
25 discussing with Commander Thompson and -- well, it was

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1 primarily Commander Thompson, I guess. I think it was at
2 that point I asked him if he had copies of the letters that
3 Bud had -- Mr. McFarlane had sent to the Hill the previous
4 year. He said he did. I said, "Well, I probably want to
5 look at those."

6 As it turned out, I never did get around to
7 looking at them.

8 We did have a conversation at that point about
9 the letters that Mr. McFarlane had sent up and I can't
10 remember whether Commander Thompson read from the letters
11 or just told me approximately what he said; but at the
12 time, I remember at least thinking that that was -- you
13 know, I would not have done it that way. The statements
14 that I have since reviewed in the Tower Commission Report
15 are, in my opinion, much too broad, and I went, half said
16 it that way; and so in talking to my legislative people
17 and the White House legislative people about responding
18 to Chairman Hamilton's request, I decided rather than to
19 answer his letter, that I would call him, which I did.

20 By the time I called him, I think the House
21 Armed Services Committee had already voted on the resolu-
22 tion and they had voted it down. Chairman Hamilton said
23 to me that technically he didn't, with one committee having
24 voted it down, that he really didn't have to do anything
25 more; but, on the other hand, he thought that in order to

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1 satisfy the members of his committee, it would be very
2 useful if they had an opportunity to meet with Colonel North
3 and he went on to say that he really didn't intend to push
4 this, but he thought that such a meeting would help clear
5 the air.

6 So we talked about the mode of such a meeting,
7 and I asked if they would be willing to come down to the
8 Situation Room for an informal meeting with Colonel North,
9 that he understood that our general -- the administration's
10 general policy was not to make members of the NSC staff
11 available for hearings. He said, yes, he understood that.
12 He thought that would probably be an acceptable arrange-
13 ment. I said, "Well, let me talk to Colonel North and our
14 legislative people and I will get back to you."

15 I called Colonel North and asked him if he would
16 be willing to talk to the committee under those conditions,
17 those informal conditions, in the Situation Room, rather
18 than on the Hill. He said he could handle that. Our
19 legislative people all agreed that that was an acceptable
20 solution that didn't set a bad precedent.

21 So I either called or sent word back to
22 Chairman Hamilton that we would agree to do that; and in
23 August of '86, the meeting took place. I was on leave
24 that particular week, my annual weekly leave, and that
25 was essentially it.

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1 MR. VAN CLEVE: Did you give Colonel North any
2 instructions as to what to say or what not to say in the
3 presentation?

4 THE WITNESS: Didn't give him any instructions.
5 I didn't. Obviously -- my position on that, my thinking
6 was that there was an awful lot of stuff in the press that
7 was speculative. There was a lot of inaccurate stuff.
8 You know, I knew there was some risk in Colonel North
9 talking to the committee. I frankly did not expect him
10 to lie to the committee, and certainly didn't tell him
11 that. I assumed that what he would do is that he would
12 answer the questions directly, and there was so much
13 fictitious stuff out there that he would be able to do
14 that in a truthful way and not lie to the committee. But,
15 on the other hand, I didn't expect him to volunteer
16 information to the committee. In other words, still with-
17 hold information but answer directly their specific
18 questions.

19 BY MR. LIMAN:

20 Q Do you recall having any discussion with
21 Director Casey or his staff in or around October of 1986?

22 A Yes.

23 Q Do you recall that at that time they had heard
24 some rumors that there had been some diversion of funds?

25 A Yes.

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1 Q Tell us about that.

2 A Okay. At some point in October, Director Casey
3 called and wanted me to stop by his EOB office for a few
4 minutes. I agreed. Went over.

5 Bob Gates was either in the room or came in
6 shortly after I got there. Director Casey showed me a
7 memorandum that had been prepared by Mr. Charlie Allen,
8 which, as I recall it, it was a -- essentially a review of
9 the Iranian project, and reported a conversation with a
10 Mr. Furmark, and that was probably the first time that
11 Furmark came to my attention. I conceivably could have
12 heard about it before. And Mr. Furmark -- and I believe
13 these were conversations between Mr. Allen and Mr. Furmark,
14 my best recollection. And Furmark indicated -- and I
15 think this was also the first indication that I had that
16 Khashoggi was involved in the bridge financing for
17 Ghorbanifar, or at least that was what Furmark was alleging.

18 He was saying that there had been -- there were
19 some Canadian investors also involved and that they had not
20 gotten all of the money that they thought was due them
21 from a prior financial dealing with Mr. Ghorbanifar, and
22 then there was one paragraph in which Allen reported on
23 Furmark's speculation that some of the money had been
24 diverted to the contras.

25 The memoranda went on, as I recall, to recommend

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1 that we form a -- essentially a wiseman's group to develop
2 a -- primarily to develop a public affairs plan to be used
3 if our Iranian operation were exposed. I don't recall that
4 Director Casey called my attention to that paragraph. I
5 read the whole memo.

6 I purposely did not raise it with Director Casey.
7 I simply didn't want to talk to him about it. And with
8 regard to Mr. Allen's recommendation, the Director endorsed
9 that, and I told him I would think about it, and I believe
10 that was the end of the meeting.

11 Q Is that the only time you ever discussed with
12 Director Casey a -- or had any discussion with Director
13 Casey at which there was either a document or discussion
14 of diversion?

15 A To the best of my knowledge, there wasn't any
16 other paper that I can recall; and I --

17 Q And this just wasn't mentioned?

18 A This wasn't mentioned. I don't recall any
19 conversation about it either.

20 Q Did you ever have any discussion with anybody
21 else at the CIA about diversion?

22 A I don't think so, Mr. Liman. As I said, my
23 best recollection -- and certainly my intent -- was not to
24 talk to anybody. I don't believe I did.

25 Q Did Director Casey or anyone else at the CIA

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1 suggest that you speak to White House counsel about the
2 subject of diversion?

3 A There was something about White House counsel
4 mentioned, but I don't think it was about diversion.

5 Q What do you recall it being about?

6 A Well, I am trying to think.

7 Q Do you recall telling them -- maybe this will
8 help -- do you recall telling them that you didn't trust
9 Fielding and that you preferred to speak to Commander
10 Thompson?

11 A No. I have since read or seen that someplace.
12 Fielding wasn't even there. That comment doesn't make
13 any sense.

14 Q Fielding wasn't there, but -- you mean Fielding
15 wasn't in the White House at the time?

16 A Wasn't in the White House.

17 Q What about Wallison?

18 A Well, I would associate myself with that comment,
19 but I frankly can't remember making it.

20 Q You would associate yourself with it in what
21 sense?

22 A Well, I did not want to bring Mr. Wallison into
23 it. I really think that it was, my best recollection --
24 and I can't remember who the conversation was with -- but
25 I had a conversation with somebody about whether to bring

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1 Mr. Wallison early on into the Iranian finding. In fact,
2 he came down to see me one day in November and wanted to
3 be briefed on the whole thing. I refused to do it; and I
4 conceivably could have commented to somebody after that
5 that I didn't really trust Mr. Wallison.

6 MR. BECKLER: This is November 6, what year?

7 THE WITNESS: This would be November of 1986.

8 But I don't recall Mr. Fielding's name coming
9 up. I suppose in the meeting with Director Casey over in
10 his office when he showed me that memo, there could have
11 been some reference by him to the diversion paragraph,
12 but I really don't remember it. I certainly would not
13 have wanted to talk about it. So I would be surprised if
14 I said anything about it.

15 BY MR. LIMAN:

16 Q We are in the home stretch. I am going to talk
17 you through a few more documents. Then we are going to
18 call it quits.

19 We talked about the \$6 million PROF note.

20 MR. LIMAN: Please mark as the next exhibit a
21 PROF note from Oliver North dated May 16, 1986.

22 (Poindexter Exhibit No. 18 was
23 marked for identification.)

24 BY MR. LIMAN:

25 Q Have you seen that before?

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1 A Well, the last time I saw this was in the Tower
2 Commission Report.

3 Q When was the first time you saw it?

4 A I suppose -- I probably saw it in that May time
5 frame. But I frankly can't recall it.

6 You know, I would receive hundreds of PROF notes
7 every day.

8 Q Did you try to read them?

9 A Tried to. At least glance at them.

10 Q Where it says "You should be aware the resistance
11 supporting organization now has more than 6 million
12 available for immediate disbursement," did I understand
13 your prior testimony to mean that you assumed that that
14 came out of the Iranian arms sales?

15 A Yes.

16 Q It goes on to say, and this was also in the
17 Tower Report, at the very bottom, "I have no idea what
18 Don Regan does or does not know re my private U.S. opera-
19 tion, but the President obviously knows why he's meeting
20 with several select people to thank them for their support
21 for democracy in Central America."

22 What did you interpret that to mean?

23 A Well, the history of this issue probably needs
to be laid out to kind of put this in perspective.

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As I said earlier, in 1986, well, the latter

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1 part, and probably it started in about May, I wanted -- I
2 was -- by that point, I guess we had gotten the vote in the
3 House and either we had it in the Senate but we really
4 weren't ever too worried about the Senate.

5 [REDACTED]
6 [REDACTED]
7 I wanted to -- in order to lower Colonel North's
8 visibility and because he was being overworked -- but he
9 was a very capable person -- I wanted to move him out of
10 the Central America account. So, on the one hand, Colonel
11 North agreed that the CIA had to get back into it, and I
12 think that's the significance of the one paragraph in his
13 memo about saying that we really did need to get the CIA
14 back into the program.

15 But, on the other hand, I think he was kind of
16 torn. He did enjoy his work and sort of prided himself
17 in, frankly, keeping the contras alive during the period
18 of time that the CIA was restricted from doing anything.
19 So my plan was to phase him out.

20 As it turns out -- and I can't recall exactly
21 when it started -- but I was at some point after that
22 heavily criticized in the press by our conservative
23 supporters who thought that I was trying to fire Colonel
24 North. Of course, that was not my intent, but the intent
25 was to lower his visibility and get our opponents on the

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1 off of his back.

2 So that's what he is referring to there.

3 Q What's he referring to when he talks about the
4 President?

5 A You know, again -- no, I understand. I wanted
6 to explain that background.

7 I think it's just -- you know, he means exactly
8 what he says. He assumes that the President understands
9 why he's meeting with several select people; and I agree
10 with that. You know, in the White House during this period
11 of time that we were encouraging private support, we really
12 didn't distinguish between how the money was going to be
13 spent. We didn't make any distinction between -- at least
14 in my mind -- between using the money in the United States
15 to encourage public support or providing it directly to
16 the contras.

17 I don't recall having any specific conversations
18 with the President about these meetings. The meetings would
19 be set up by Colonel North. I believe this is the way they
20 were set up, by Colonel North going to the schedulers and
21 getting the schedulers to put these supporters on the
22 President's list to see during administrative time. I did
23 not attend any of them that I can recall.

24 [REDACTED]
25 came in to see the President. I did attend that meeting,

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1 at which the President thanked him for his help [REDACTED]

2 [REDACTED] But these -- the private U.S.
3 citizen supporters were handled as a routine matter that
4 I didn't get directly involved with.

5 I knew they were happening. I assumed the
6 President understood why he was meeting with them.

7 Q There was no doubt in your mind that the President
8 understood he was meeting with them to thank them for
9 contributing to the contras?

10 A There wasn't any question in my mind.

11 Q I think you have told us before that your view
12 was that this was not illegal or inappropriate activity?

13 A No.

14 Q And that was the President's view?

15 A That's correct. Once in a while he would -- if
16 he had a meeting the day before and if the person had
17 something interesting to report, he would often provide a
18 little debrief about what so-and-so said or something like
19 that. So I -- you know, I am confident that he was aware
20 that these people were making contributions to support the
21 contras.

22 Q Let me mark as the next exhibit a memorandum
23 of November 7, 1984. I mark it because we talked about
24 this before.

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(Poindexter Exhibit No. 19 was
marked for identification.)

BY MR. LIMAN:

Q Admiral, remember I asked you before whether you
had received any criticism of the fact that Colonel North
was talking about fund raising, sources of funds to [REDACTED]
and the CIA . If you look at this memorandum, it says:
"Admiral Poindexter indicates that the Director called
you expressing concern that I had discussed with Mr.
Meyers" [REDACTED] "Calero, MiGs,
dollars," et cetera.

Then it consists of North's denials that he
discussed any of these things, and it goes on at the very
last paragraph on page 3 to say: "At no time did I discuss
with [REDACTED] financial arrangements for the FDN. At no time
did I indicate that Calero was attempting to attack the
MiGs," et cetera.

Does that refresh your recollection, Admiral,
that you did get some criticism from the CIA that North
was telling them things that they didn't want to know?

A The only -- I don't recall seeing this memo.
I no doubt did at the time, although that is not totally
clear, because it is marked "eyes only." It could have
gone directly into Mr. McFarlane.

Anyway, I do have a vague recollection of some

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1 years ago Director Casey calling and asking that Colonel
2 North be careful in talking to his people about things
3 they shouldn't know about. That's a very vague recollection.

4 MR. LIMAN: Next, I would like to have marked a
5 PROF note dated 3/31/86. This one is from you, Admiral.

6 (Poindexter Exhibit No. 20 was
7 marked for identification.)

8 BY MR. LIMAN:

9 Q I would like you to explain to me what it's all
10 about.

11 A I remember this pretty well.

12 Q Tell us what that's all about.

13 A All right. In one of the last votes -- let's
14 see, 3/31/86. That seems early. My recollection of the
15 event -- and I thought it was the vote in the Senate. I
16 don't think that took place that early.

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 Well, shortly after -- and then eventually we
5 won the vote in the Senate. Still, the time frame of this
6 bothers me a little bit. I don't think that quite matches
7 up.

8 But, anyway, shortly after we agreed to do that,
9 there was a story in the newspaper that was something to
10 the effect that the administration would [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]

17 My staff had informed me that they were almost
18 certain that [REDACTED], an employee of the Defense
19 Department who worked in the covert action programs there,
20 was responsible for leaking this information. I called
21 Will Taft and told him that was my suspicion, and that I
22 was so annoyed about it that until they conduct an inves-
23 tigation over there and questioned [REDACTED] on it, we
24 were not going to inform them of any more covert activities.

25 MR. LIMAN: Mark as the next exhibit another

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1 PROF note from you. I think it is dated May 19, 1986.

2 (Poindexter Exhibit No. 21 was
3 marked for identification.)

4 THE WITNESS: This is in response to that earlier
5 exhibit you showed me.

6 BY MR. LIMAN:

7 Q The one in which -- about "I don't know what
8 Don Regan knows about my activities, but the President
9 knows why he's thanking everyone"?

10 A Right.

11 Q You responded by saying, Don Regan knows very
12 little of your operation and that is just as well.

13 A Right.

14 Q Can you tell me what operation you were referring
15 to and why it was just as well that Don Regan didn't know
16 about it?

17 A Well --

18 Q This is still in executive session.

19 A Well, the operation we are talking about is
20 support of the contras. What I said was accurate. I don't
21 recall talking to Don Regan directly about it. I am pretty
22 sure that he, as well as most everybody else in the White
23 House, knew that Colonel North was the NSC staff officer
24 with primary responsibility for Central America, and that
25 he was involved in some way in supporting the democratic

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1 resistance.

2 But again, based on my feeling that if we were
3 going to keep this up and avoid more restrictive legisla-
4 tion, that we simply had to limit the knowledge of the
5 details to those that had absolutely the need to know. I
6 simply didn't think that he had an absolute need to know.

7 Q He was the Chief of Staff. Was there more to
8 it?

9 A Well --

10 MR. BECKLER: Lay it all out.

11 THE WITNESS: He talked to the press too much.
12 I was afraid he'd make a slip.

13 BY MR. LIMAN:

14 Q All right.

15 MR. LIMAN: Next is a note which I believe is
16 dated somewhere around July, 1986, after July 15, 1986.

17 (Poindexter Exhibit No. 22 was
18 marked for identification.)

19 BY MR. LIMAN:

20 Q Just so I can focus you on it, I would like you
21 to tell us what you know about "Project Democracy," the
22 entity that Colonel North refers to here.

23 A Yes. May I just finish reading it?

24 I don't recall when it was -- and it was
25 probably sometime in '86. Colonel North coined the name

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1 Project Democracy, much as the same way on those code
2 sheets he called it project something else. But it was
3 his shorthand way of talking about the network that had
4 been set up to keep the contras supported through this
5 private third-party, third-country logistics arrangement.

6 Q Did you take it --

7 A Go ahead.

8 Q Go ahead.

9 A I was going to say it didn't have any other
10 significance. I recognize the name is the same as, or
11 similar, and I suppose that's where he came up with the
12 name, but it's unrelated.

13 The President made a speech to the Parliament
14 in London back in 1982 or 1983 in which he talked about
15 Project Democracy in general terms; but there is no other
16 connection.

17 Q Did you ask the CIA to purchase these assets?

18 A I can't recall whether -- as I told you earlier,
19 Colonel North wanted me to talk to Director Casey. My
20 recollection is I didn't talk to Director Casey. I think
21 I talked to Bob Gates. I can't recall whether I asked him
22 to purchase them or not.

23 My best recollection is that I simply said that
24 these assets are available and you ought to look at them,
25 or something to that effect.

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1 Q Were you aware that Colonel North was keeping
2 any cash in his office?

3 A Yes. There are a few instances of that. My
4 best recollection is the first time I became aware of that
5 was back shortly after [REDACTED] agreed to provide the
6 \$25 million.

7 My recollection is that Colonel North told me
8 one day that the contra leaders had made some of that
9 money that they were getting from [REDACTED] available
10 to him to handle miscellaneous expenses that the contras
11 had or anticipated in Washington. I told Colonel North
12 I didn't think that was a good idea and that he should
13 make arrangements to return the funds, and I prefer that
14 he did not have any cash.

15 At some point after that, he informed me that
16 he had returned the funds or that he didn't have any more
17 cash. I recall at the time being relieved that he had
18 gotten rid of the cash.

19 Then later on, in relation to the hostages --
20 and I don't remember whether it was the DEA project or
21 maybe another one -- but Mr. Ross Perot had indicated to
22 us -- I don't think to me directly, I think maybe first
23 to Mr. McFarlane and then Colonel North got in the practice
24 of often communicating with Mr. Perot -- but anyway,

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Perot indicated that if we ever arrived at a situation

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1 where we needed private funds on the hostage situation,
2 that he would be willing to provide some.

3 At some point, you know, we went through many,
4 many schemes and plans trying to figure out a way to get
5 the hostages out, and in one of those, at some point, my
6 recollection is that Colonel North did have some of
7 Mr. Perot's funds, but I was always uneasy about directly
8 handling funds and tried to make the point to Colonel North
9 that I didn't want him to.

10 Q Admiral, do you have any recollection of being
11 told by Colonel North about the purchases by the Secord
12 organization of the ship Erria, E-r-r-i-a? Did he tell
13 you they had bought a ship?

14 A I think I knew that they either had bought or
15 had -- I am not sure if "bought" is the right word. I
16 thought they just had control, either charter or contract.

Q

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I must say that Colonel North's view, I think, probably -- in fact, I did talk to Director Casey about this at one point. Colonel North had the view that the Agency was not handling Dick Secord fairly.

Q Did he tell you that they felt he had been associated with Clines and Wilson?

A That's correct.

Q And that as a result of that, they were keeping an arms-length relationship with him?

A That's correct.

Q And that he wanted you to tell the Agency that he had performed a service to his country?

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1 with Iran and the contras?

2 A I don't recall the contras, but, in fact, I did
3 have a conversation with Bill Casey and I can't recall
4 whether it was that specific -- connected with that, but
5 I did have a conversation with him that I thought that he
6 had people at the Agency that wanted to keep an arms-length
7 relationship to Dick Secord and that Dick was providing a
8 great service to the United States and that the Wilson-
9 Terpil thing had been investigated and gone to court and
10 the charges had been found unsubstantiated by the judge.

11 As I recall, Director Casey said, "I agree with
12 you; Dick Secord is a great patriot," or something like
13 that.

14 Q You were aware yourself of Secord's background?

15 A Yes. Well, to a general degree. I realize
16 there was this charge and that judge -- some judge had
17 ruled, dismissed the charges. The issue, as far as I was
18 concerned, was resolved in Dick's favor.

19 Q I will try now to get us nearly to the end.
20 I know everyone is weary.

21 A I would like to go back to the chronology in
22 a moment.

23 Q Let me just cover up a -- clean up a few things.

24 First, you mentioned earlier about assistance
25 from [REDACTED]

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1 MR. LIMAN: Would you mark as the next exhibit
2 a memorandum dated December 4, 1984, with a routing slip
3 which shows your name on it.

4 (Poindexter Exhibit No. 23 was
5 marked for identification.)

6 BY MR. LIMAN:

7 Q When you spoke of assistance from [REDACTED] is
8 this what you were referring to?

9 A That's correct.

10 Q You weren't referring to anyone asking [REDACTED]
11 [REDACTED] to give its money to the contras, were you?

12 (?) A I don't honestly know what General Singlaub
13 said to [REDACTED] I was never under the impression
14 that they were willing to provide funds. I recognize
15 there was a possibility of their selling arms.

16 Q While we are on that subject, then, let me
17 just go over country by country what you understood their
18 contribution, if anything, was to the contras during this
19 period when you were wrestling with Boland.

20 Israel?

21 A Israel was considered several times and from
22 the beginning, when Mr. McFarlane was still there, but
23 we were frankly a little reluctant. It was the same sort
24 of reasoning that the Vice President was concerned in
[REDACTED]

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Q Do you know whether you ever sent Teicher there to hit them up?

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A I don't think I am aware of that. Mr. McFarlane may have. He was -- he also was, Mr. McFarlane, you know, was initially very concerned about leaks and that's -- he handled [REDACTED] thing, although he did tell me about that at some point afterwards.

6

9

Q He told you about the \$25 million contribution from [REDACTED] am I correct?

10

11

A Right.

12

13

Q He did not tell you in the summer of 1984 that [REDACTED] were giving a million dollars a month or 7 million for the balance of 1984?

14

15

A Well, the 25 million -- my best recollection was being delivered over a period of time. It wasn't just one lump sum.

17

18

Q Do you associate the \$25 million with [REDACTED]

19

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A Since November of '86, I have not associated it. It may have --

21

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Q You talked about [REDACTED] You talked about Israel.

23

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A I want to come back to Israel. That's related to your question earlier [REDACTED] I thought that's

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1 what you were going to get off on at that point.

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18 Q When do you date that about, after you were the
19 National Security Adviser?

20 A Yes, sometime in '86.

21 Q What about [REDACTED] I think you indicated that
22 there was contact there?

23 A There was contact there. I do remember getting
24 a report from Colonel North at some point after that, and
25 my recollection is that it was -- there was a rather long

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1 intervening time between the first report and a report at
2 some point later that they had agreed to provide some sum
3 of money and the number sticks in my mind as a few million.

4 Q Did you know Gaston Sigur had been involved in
5 speaking to them?

6 A Well, Gaston, of course -- you know, he was on
7 the NSC staff. Then he moved over to the State Department,
8 to be assistant secretary of State. I guess -- well, I
9 can't tell now whether it's just my recollection from
10 today or not, but he was involved in the meetings with
11 [REDACTED] I don't recall, at least before today,
12 reviewing his memos. I don't think I would have said that
13 he was directly involved other than facilitating the
14 meetings.

15 Q [REDACTED]

16 A [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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CONFIDENTIAL

④ Page 218 denied in its entirety.

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Q We have talked about Brunei.

A I don't think I know anything specifically

about

Q

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Q Any other countries that you can think of?

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A Did I miss anything?

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MR. BECKLER: Did you mention [REDACTED]

6

THE WITNESS: There was the incident with

7

8

BY MR. LIMAN:

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Q There was a decision not to [REDACTED]

10

A That's right.

11

Q That you discussed with the DCI?

12

A That's right.

13

MR. BECKLER: [REDACTED]

14

THE WITNESS: [REDACTED] was involved in Iran but

15

not in --

16

BY MR. LIMAN:

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Q Did [REDACTED] send any arms to the contras?

18

A Who?

19

Q [REDACTED] send any arms to the contras?

20

A I wouldn't be surprised if Secord didn't purchase

21

some arms from [REDACTED]

22

Q I don't mean purchase; I mean give.

23

A Sent? I don't know for sure [REDACTED] of

24

course, was --

25

Q That was a commercial transaction?

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1 A That was a commercial transaction.

2 Q Just for the record again, so that my mind is
3 clear on it, did you brief the President about the fact
4 that the NSC was playing this role in the operations of
5 support for the contras?

6 A I can't recall a specific time in which I would
7 have addressed that directly. Again, to put that in
8 perspective, the NSC involvement in the support of the
9 contras started back in '84 when the CIA could no longer
10 perform that function. You are going to have to ask
11 Mr. McFarlane, if you haven't already, what he talked to
12 the President about.

13 But when I took over in January of 1986, it was
14 an ongoing program that I continued. I supported it. I
15 supported it from the beginning. But I don't recall having
16 a conversation with the President that I could cite to you
17 now that would indicate that the President understood the
18 breadth of what the NSC staff was doing.

19 Q You talked about the --

20 A He knew we were keeping very close track of it
21 and from things I would brief him on, we obviously knew
22 a lot of things.

23 Q You talked to him about the airstrip? We have
24 already gone over that.

25 A Yes.

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1 Q You talked about the fact that when the CIA
2 pulled out, the NSC had to take on this role of supporting
3 the contras. Was there a discussion and a decision actually
4 made that it happen that way, that that transition should
5 take place?

6 A I don't recall that.

7 Q What I am getting at is that here you had a
8 cause that was very important to the President and to the
9 administration, the contras. Congress comes along and
10 pulls the props out of the support that they were then
11 getting, the CIA support. Was there not some planning done
12 for who would take it over so that they would be viable
13 if and when you got Congress to renew the appropriations?

14 A Well, you know that was so long ago when that
15 happened. No doubt, we did have discussions on it. But
16 without going back through the schedule, I really can't
17 reconstruct exactly how the transition occurred.

18 Q You can't recall, as I understand it, any meeting
19 at which, for example, Director Casey said, "We are out;
20 it's your ball"?

21 A It wasn't -- I don't think it happened that way.

22 Q It evolved?

23 A It evolved.

24 Q It was just -- there was a vacuum, and it was
25 filled?

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1 A That would be in my opinion a better description.

2 Q Indeed, if you hadn't filled the vacuum, how
3 would they have been able to continue?

4 A They wouldn't have survived, Mr. Liman. In fact,
5 as I said earlier, I think that as I said, the cabinet
6 officers, Director Casey, in particular, although he and I
7 avoided talking about the subject directly, he clearly
8 understood and I do recall an oblique comment one day that
9 the contras wouldn't be alive today without Ollie North,
10 or words to that effect.

11 Q That was Casey. Did Clarridge understand that
12 you were playing this role at the NSC?

13 A Dewey Clarridge?

14 Q Yes.

15 A Again, we avoided talking about it. I would be
16 very surprised if he didn't understand quite a bit.

17 Q 

18 A Probably.

19 Q Elliott Abrams?

20 A Probably.

21 Q Secretary of State?

22 A Probably.

23 Q Secretary of Defense?

24 A Probably.

25 Q What you are really saying to me is that if you

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1 didn't want to know, you'd have to make an effort not to
2 know?

3 A Yes.

4 And I think that you can go beyond the Executive
5 Branch on that as well.

6 Q I'm not -- I think that our inquiry is not
7 just at the Executive Branch. It's also, sir, at the
8 Legislative Branch as well.

9 MR. LIMAN: I think that's --

10 THE WITNESS: Could I go back to the chronology?

11 MR. LIMAN: I promised you two things. One, when
12 we were off the record for the one discussion we had off
13 the record, I had asked you about why there wasn't this
14 pre-summit meeting before the Tehran meeting. Why don't
15 you tell us on the record what you told me off the record?

16 THE WITNESS: Well, remember, I was concerned
17 from a couple of -- well, several aspects. One was that
18 I wanted for such a sensitive meeting that had long-range
19 strategic implications for the United States, I wanted a
20 more experienced person there than Colonel North. I was
21 also a little bit concerned that we didn't want to wind up
22 with another hostage situation that we had created. We
23 were dealing with people that we didn't know very much
24 about. We weren't certain what their motives were. We
25 were trying very hard to find that out. That is, of course,

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1 why we wanted to move beyond Ghorbanifar and [REDACTED]
2 neither one we thought were very good and reliable channels
3 into the real political thinking in Iran.

4 So I felt that, you know, sending a pre-advance
5 or advance team before Mr. McFarlane went, we stood the
6 risk of getting -- their being held hostage themselves.
7 I felt a higher level visitor, it would be much more
8 difficult for the Israelis or the Iranians to pull some-
9 thing like that; and, you know, viewed at my level, the
10 meeting that Mr. McFarlane had out there was a preliminary
11 meeting. If eventually, if we had, if it had not been
12 exposed and if we had been more successful -- by the way,
13 I think when it did end, we were making progress. The
14 Iranian government was saying things that they had not
15 said before; and, so, by and large I viewed Mr. McFarlane's
16 trip out there as the preliminary trip.

17 BY MR. LIMAN:

18 Q Was it a test that if you didn't get the hostages
19 back, that was the end?

20 A Yes.

21 Q Those were your instructions?

22 A Those were my instructions.

23 Q The President's instructions as well?

24 A That's right.

25 Q Okay. Now you wanted to say something about the

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1 chronologies?

2 A On the chronology, it is important again for me
3 to reiterate that the chronology was never intended to be
4 a public document. It was intended to represent all of
5 the facts of the Iranian project less the contra connection.
6 It went through several drafts. In fact, the final version
7 that has whatever markings on it it has, I never considered
8 the final version.

9 The discovery of the contra connection occurred
10 before I felt that we had a finished product. I knew there
11 were errors in it. I frankly -- you know, again the big
12 problem that I was having in November of 1986 was trying
13 to reconstruct exactly what had happened in July, August,
14 September, October, and November. I knew what was on
15 there wasn't accurate, but I also -- I didn't know what
16 was accurate in terms of everything that had transpired;
17 and it simply, in my view, when we left, it did not
18 represent a finished product.

19 I had very little time during that hectic period
20 to review it; and Mr. McFarlane, when he had called me, and
21 I think it was probably when I called to invite him to
22 come to lunch with me early the week of the 10th, I believe
23 it was, because I wanted, I asked Colonel North to talk to
24 him, but I wanted to reiterate, and I thought he ought to
25 prepare a memorandum for the record.

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1 Dr. Keel attended that lunch. At that point, in
2 the telephone call with Mr. McFarlane, he said that he
3 thought that the Chief of Staff, Don Regan, was putting out
4 the word to the media that he, Bud, was responsible for
5 the whole thing and trying to put it off on him. I told
6 Bud, to the best of my knowledge that was not true, and
7 that I did not think Don Regan was doing that. And told
8 him that I certainly wanted to lay out the facts.

9 Out of the lunch that I had with Bud, he did
10 not agree and also did not disagree to produce the memo-
11 randum for the record. But as a matter of fact, he never
12 did.

13 And so, without that information, we really
14 couldn't get all of the facts straight for that first
15 time period.

16 He sent me some drafts, but frankly, I didn't
17 think that the drafts were complete.

18 Q Are you aware of any diversion of funds from
19 the Defense Department for the contras?

20 A I'm not sure what you would be referring to.

21 Q Well, I am asking a question. Did you ever hear
22 of Operation Elephant Herd?

23 A I have seen it in the press.

24 Q Were you ever told the Defense Department was
25 creating any kind of slush fund that could be used for the

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1 contras?

2 A I don't think I am aware of that. I have seen
3 that speculated, but,--

4 Q I am not interested in what the press says.

5 A I understand.

6 Q We both know that they are not always very
7 accurate. What I am interested in is what you know, what
8 you heard in your capacity as National Security Adviser
9 before.

10 Did you know or hear that the Defense Department
11 was diverting either any funds or assets to the contras?

12 A I vaguely recall -- well, it goes back to '84
13 when we were searching for ways to take what little money
14 we had and make it go as far as possible. I've got a
15 vague recollection during that time period of not creating
16 a slush fund but somehow transferring to them excess
17 equipment or something like that.

18 Q Whose decision was that, do you recall?

19 A Mr. Liman, I just can't remember that.

20 Q Joint Chiefs of Staff?

21 A I'm sorry. I really can't remember. I just
22 have a very vague recollection of that.

23 Q On Second, I want to ask you one other question.
24 Did you know he was at the London meeting in 1985 that was
25 attended by McFarlane?

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1 A I am pretty sure I was aware of that. In fact,
2 he may have provided some transportation. I can't recall
3 right at the moment.

4 Q Actually, Mr. McFarlane gave him a list back.
5 So it went the other way around.

6 A Oh. But because of Secord -- Secord became
7 involved in the business in [REDACTED] in November -- he,
8 in effect, was brought in at that time on the Iranian
9 project. Secord was viewed as -- at least by me -- as a
10 very effective operator.

11 Q You read in the newspaper -- and I won't comment
12 about it beyond that -- but you read in the newspaper about
13 alleged shredding of documents by Colonel North.

14 A I have.

15 Q And alteration of documents by Colonel North
16 in November of 1986.

17 Apart from what you have told us as to what you
18 anticipated with respect to that spiral stenographer's
19 notebook that he kept, did you have any knowledge of
20 shredding of documents by him?

21 A I wasn't even certain, Mr. Liman, that he shredded
22 that one. What I was telling you was my impression that
23 I had when he left the office.

24 Q And you have no knowledge of any alteration
25 of documents by him?

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1 A No. I do not.

2 MR. LIMAN: George, I have no more questions.

3 MR. VAN CLEVE: Let me just say what I would
4 like to do at this point, Arthur has been very thorough.
5 It has been a long day. I would like to take a two-minute
6 recess to just review my notes and satisfy myself we haven't
7 overlooked something. I don't intend to go back over ground
8 that I think has been already covered. If we could take a
9 brief break, I would like to do that.

10 (Recess.)

11 EXAMINATION ON BEHALF OF
12 THE HOUSE SELECT COMMITTEE

13 BY MR. VAN CLEVE:

14 Q Let me just start off by saying we are back
15 on the record. I appreciate the fact you have been here
16 as long as you have today, Admiral. Your counsel as well.
17 I asked for the recess simply because, under the circum-
18 stances, we are going to be sealing our notes and sealing
19 the documents and sealing the transcript. I wanted to be
20 sure that I had a chance to review the material and go over
21 it.

22 I think I only have one factual question. Before
23 I get to that, let me just say this, as a matter of routine,
24 when we do a deposition like this, the House likes to
25 reserve its right to speak to you at a later time.

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1 separately. I just wanted you to be aware of that sort of
2 standard reservation.

3 The question I have is this: Can you recall at
4 any time during the period January 1, 1984, to the present --
5 through the present -- seeing a memorandum to the President
6 from any official at the White House that discussed the
7 diversion of funds to the contras from any source?

8 MR. BECKLER: From any source?

9 BY MR. VAN CLEVE:

10 Q From any official in the White House to the
11 President, from any source.

12 MR. BECKLER: The diversion from any source?

13 MR. VAN CLEVE: The diversion from any source
14 to the contras?

15 MR. BECKLER: I am sorry.

16 MR. SMALL: You mean Iran --

17 MR. VAN CLEVE: No. I will be happy to repeat
18 the question.

19 BY MR. VAN CLEVE:

20 Q Can you recall during the period of January 1,
21 1984, to the present seeing a memorandum to the President
22 from any official at the White House which discussed the
23 diversion of funds from any source to the contras?

24 A Well, let me try to go through my memory. As
25 I said, I don't think there was anything that I have ever

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1 seen, at least that I can recall, to the President about
2 the Iranian transfer.

3 In fact, my recollection was, at least in
4 November of '86, that there wasn't anything that existed.
5 I was surprised to see the memo that was made up and that
6 Ed Meese's people found in Colonel North's safe. That did
7 not go to the President, certainly; and I don't know of
8 anything else on the Iranian project related to the transfer
9 of funds to the contras that went to the President.

10 Diversions from other sources?

11 MR. SMALL: Do you have anything in mind?

12 BY MR. VAN CLEVE:

13 Q As an example, we were discussing just before
14 we recessed, the possibility of the Department of Defense
15 assets had been diverted to the contras.

16 A To the best of my recollection, I don't know
17 of anything else. I suppose it's conceivable there's
18 something else that I may have seen and forgotten. I am
19 not trying to play games with you. I simply don't recall
20 it.

21 Q Okay.

22 MR. BECKLER: Would this, for example, include
23 the President having some knowledge perhaps that the
24 Secretary of State or his representatives met with Brunei?

25 MR. VAN CLEVE: Sure. A memorandum to the

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1 President that described an effort to obtain funds.

2 MR. LIMAN: He's not talking about oral knowledge.
3 He's talking about documents.

4 THE WITNESS: Something in writing?

5 BY MR. VAN CLEVE:

6 Q A document.

7 A There may have been something to the President
8 that I have forgotten that addressed our effort in early
9 1986 to identify third countries. I think, as I testified
10 earlier, I have a recollection that Secretary Shultz, in
11 one of his weekly meetings with the President in early '86,
12 which I attended, said something to the President about
13 looking for third-country support. There conceivably --
14 that could be in my file of notes about, that I kept on
15 Secretary Shultz' meeting with the President which I don't
16 have. They are somewhere in the White House, I guess.

17 That was -- the reason that didn't jog my memory
18 was the way the question was asked. I wouldn't consider
19 that diversion. That was third-country sources of
20 funding.

21 You know, if you intend to broaden the question
22 to include third-country resources, there may have been
23 something in writing about [REDACTED] back early when
24 their contribution started. Those are the only things I
25 can think of.

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MR. VAN CLEVE: I appreciate it.

Do you have anything else?

MR. LIMAN: Nothing else.

Thank you very much. It was a much longer day
than we all expected.

MR. VAN CLEVE: Thank you.

MR. BECKLER: I appreciate the courtesy of both
of you.

(Whereupon, at 5:35 p.m., the deposition was
concluded.)

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Stenographic Transcript of
HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF JOHN M. POINDEXTER - Continued

Wednesday, June 17, 1987

Partially Declassified Pursuant to E.O. 12958
Date of Review: 12/18/2001
By: [illegible]

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Washington, D.C.

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1 DEPOSITION OF JOHN M. POINDEXTER - Continued

2 Wednesday, June 17, 1987

3 United States Senate

4 Select Committee on Secret

5 Military Assistance to Iran

6 and the Nicaraguan Opposition

7 Washington, D. C.

8 Continued deposition of JOHN M. POINDEXTER,
9 called as a witness by counsel for the Select Committee,
10 at the offices of the Select Committee, Room SH-901, Hart
11 Senate Office Building, Washington, D. C., commencing at
12 10:14 a.m., the witness having been duly sworn, and the
13 testimony being taken down by Stenomask by MICHAL ANN
14 SCHAFER and transcribed under her direction.
15

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1 APPEARANCES:

2 On behalf of the Senate Select Committee on Secret
3 Military Assistance to Iran and the Nicaraguan
4 Opposition:

5 THE HONORABLE WARREN RUDMAN
6 ARTHUR LIMAN, ESQ.
7 Chief Counsel
8 JAMES E. KAPLAN, ESQ.
9 Associate Counsel

10 On behalf of the House Select Committee to
11 Investigate Covert Arms Transactions with Iran:

12 THE HONORABLE THOMAS FOLEY
13 THE HONORABLE HENRY HYDE
14 NEAL EGGLESTON, ESQ.
15 RICHARD J. LEON, ESQ.
16 Deputy Chief Minority Counsel
17 HEATHER FOLEY, ESQ.
18 Executive Assistant to the Majority Leader
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PROCEEDINGS

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2 MR. LIMAN: This is a joint executive session
3 of both the House Select Committee and the Senate Select
4 Committee, and there are two Members of the House
5 Committee present and one Member of the Senate Committee,
6 as provided by our quorum rules, and I think the oath
7 should now be administered.

8 MR. BECKLER: Sounds good.

9 REPRESENTATIVE FOLEY: Do you solemnly swear
10 that the evidence that you are about to give in these
11 proceedings shall be the truth, the whole truth, and
12 nothing but the truth, so help you God?

13 ADMIRAL POINDEXTER: Yes.

14 SENATOR RUDMAN: Admiral Poindexter, why don't
15 you proceed? I just want to confirm that this deposition
16 will proceed under the same grant of limited immunity
17 that was procured by the United States Senate from the
18 Federal District Court here in the District of Washington
19 and under the same circumstances that the previous
20 deposition which we attended here some weeks ago; is that
21 clear?

22 THE WITNESS: That is clear.

23 SENATOR RUDMAN: And I believe that the House
24 will now notify you on their behalf that it's the same
25 grant.

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1 REPRESENTATIVE FOLEY: Yes. In accordance
2 with the statement of Senator Rudman, we advise you that
3 the testimony you are to give in this deposition is under
4 the same grant of immunity previously granted by the
5 United States Court in the District of Columbia.

6 SENATOR RUDMAN: And Representative Hyde is
7 representing the Minority and I believe he affirms.

8 REPRESENTATIVE HYDE: I associate myself with
9 the remarks of Mr. Foley and Senator Rudman.

10 MR. BECKLER: And are there subpoenas, too?

11 MR. LIMAN: Yes, we have subpoenas.

12 Whereupon,

13 JOHN M. POINDEXTER,
14 called as a witness by counsel on behalf of the Senate
15 Select Committee and having been duly sworn, was further
16 examined and testified as follows:

17 EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

18 BY MR. LIMAN:

19 Q Admiral, I want to begin by asking you about
20 some events on November 25, 1986, which is the date that
21 you resigned and the day that Oliver North was fired.
22 Did you meet that morning with the President?

23 A I did.

24 Q With the Vice President?

25 A He was there.

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1 Q Who else was there?

2 A Don Regan and Ed Meese.

3 Q Was Mr. Casey there?

4 A No.

5 MR. BECKLER: One question. Are we going to
6 have this transcript fairly soon, because that's going to
7 dictate how extensive notes I try to take now.

8 MR. LIMAN: Take notes.

9 BY MR. LIMAN: (Resuming)

10 Q Did Colonel North join the meeting at all?

11 A No, he did not.

12 Q Did you discuss at that meeting the fact that
13 you would be resigning?

14 A Yes, although I wouldn't have really called it
15 discussion.

16 Q Tell us what happened at the meeting.

17 A It was my regular 9:30 morning meeting with
18 the President, and I came in and told him that I was
19 certain that the Attorney General had told him about his
20 conversation with Colonel North on Sunday and the memo
21 that they had found, and I told the President that I was
22 aware of the transfer of funds to the contras and that I
23 thought it was best that I resign to give him as much
24 latitude as possible. And he said that he regretted it
25 and said something to the effect that it was in the

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1 tradition of a captain accepting responsibility.

2 And I stood up to leave, shook hands with
3 everybody. Everybody said nice words. And I left the
4 office. I was only there about five minutes.

5 Q Did you know at that time that Oliver North
6 was going to be fired?

7 A I did not. In fact, that was not my
8 understanding at all.

9 Q Your understanding was that Oliver North was
10 going to be prepared to resign; am I correct?

11 A That he would simply be transferred back to
12 the Defense Department.

13 Q Had he already sent you a notice requesting
14 the transfer?

15 A I'm not certain of that.

16 Q But had you discussed that with him?

17 A Let me think a minute.

18 (Counsel conferring with the witness.)

19 As I recall, the Attorney General called me in
20 the car on my way in to the office just about the time we
21 were to go through the southwest gate, and he asked me if
22 I could meet him at his office and I said fine. He said
23 why don't you just go right over and I'll be there in a
24 few minutes. I did that.

25 And then when I got back to the White House I

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1 walked down the corridor to see Don Regan. He was in a
2 meeting, and I left word with his secretary I'd like to
3 see him when he finished. And I walked back to my office
4 and sat down to eat my breakfast. And Don Regan came in
5 and then I think shortly after that -- that would have
6 been about 8:00 or 8:30 or something like that -- I think
7 I probably called Colonel North and told him that I was
8 going to resign and that he should be transferred back to
9 the Defense Department.

10 I asked him what he wanted to do, as I recall,
11 and I can't recall whether he answered me or not. But
12 either in that conversation or some previous conversation
13 at least the impression I had at this point was that he
14 wanted to go to the National Defense University
15 essentially for a year's sabbatical.

16 And the reason that I said I was unaware when
17 I left the 9:30 meeting that he was going to be fired, my
18 impression from talking to Ed Meese was -- and I can't
19 remember his exact words, but my impression was simply
20 that Ollie should be transferred back to the Defense
21 Department.

22 Q And that was in conversation with the Attorney
23 General that took place when that gave you that
24 impression?

25 A In his office about 7:30 in the morning on the

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1 25th. And the first I knew that Ollie's departure was to
2 be characterized as firing was when I heard the press
3 conference.

4 Q And had you had any conversations with Oliver
5 North from November 21 through November 25 in which
6 Oliver North had expressed to you the view that he was
7 prepared to take the responsibility for what happened?

8 A I can't be certain of that time period.

9 Q Well, broaden the time period.

10 A Broaden the time period a great deal, maybe
11 for a year or more. Periodically Ollie would indicate
12 that he was "willing to take the rap", and I always told
13 him when he said that that was a ridiculous position and
14 that he had no need to say that.

15 Q What did you mean by that?

16 A Well, that, number one, you see, I had never
17 felt that we were doing anything illegal. I still don't.
18 It's controversial. It's a political issue, and I think
19 with hindsight Ollie was thinking about it in the same
20 terms, that it was a political issue and he may at some
21 point become a political burden.

22 But I've been around Washington enough to know
23 that that sort of thing is just not possible, that if
24 there was a leak and if the operations were exposed that
25 they would be a big political issue. It would be very

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1 controversial and there was no way that Ollie should or
2 could accept responsibility for all of our operations in
3 support of the President's policy.

4 Q Now what operations were you referring to?

5 A The support of the democratic resistance in
6 Nicaragua and the Iranian project. We knew the Iranian
7 project would be controversial from the very first
8 discussion I can recall with the President on the 7th of
9 December.

10 Q Did North use words like "scapegoat", that he
11 would be a scapegoat?

12 A I don't ever recall that term.

13 Q Now you've probably heard in the testimony the
14 people quoting him as saying that that was his role?

15 A I can't honestly say I recall that word being
16 used, but I do recall that in testimony coming up.

17 Q Did North call you after the Attorney General
18 announced that he had been fired?

19 A I think he probably did. I don't have a good
20 recollection of -- well, I do remember one thing that was
21 said, and I can't remember -- it was sometime on the 25th
22 he called and indicated that Dick Secord wanted to call
23 me or would be calling me or something like that, but I
24 don't recall any comment from him at the time in the vein
25 of objecting to what the Attorney General had said.

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1 Q Did he tell you that the President had called
2 him?

3 A No, I don't believe so. My recollection is
4 that his call to me was earlier in the day, possibly
5 right after the press conference.

6 Q Did the President call you after the press
7 conference?

8 A No, he did not. The last time I spoke to the
9 President was in that 9:30 meeting.

10 Q Has he written to you?

11 A Well, yes, he has. He wrote me a letter on --
12 was it dated December 3 --

13 MR. BECKLER: Somewhere around that, the
14 actual last day.

15 THE WITNESS: I think it's in the boxes of
16 documents that are over in the law firm. Did you see it?

17 MR. LEON: I recall seeing it.

18 MR. EGGLESTON: I think it is December 3.

19 MR. BECKLER: It's not substantive.

20 THE WITNESS: You know, it's a departure
21 letter, what we call a departure letter.

22 BY MR. LIMAN: (Resuming)

23 Q Do you know whether North spoke to Meese on
24 the 29th? I can't confirm that. I don't know that.

25 MR. BECKLER: You don't know one way, or the

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1 other?

2 THE WITNESS: That's right.

3 BY MR. LIMAN: (Resuming)

4 Q You've testified that you did not believe that
5 what you and Colonel North were doing in these different
6 operations were unlawful. That's what I understand your
7 position to be.

8 A That's correct.

9 Q Both this morning and yesterday. Did you ever
10 receive any kind of memos or other documents discussing
11 whether the NSC was free to solicit funds from third
12 countries during the period of the absolute Boland
13 prohibition?

14 A It is conceivable. It doesn't jump right out
15 at me.

16 Q Well, let me see what you do recall, and for a
17 time frame let me just state certain facts, that in
18 October of 1984 the full prohibition of Boland was
19 adopted, first in the continuing resolution on the
20 appropriations, then in the Intelligence Authorization
21 Act. In August of 1985 an amendment was adopted which
22 permitted exchanges of intelligence, and then in December
23 of 1985 the provision came in that permitted the
24 solicitation of third country funding and also during
25 that period you had the adoption of the \$27 million

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1 humanitarian aid provisions.

2 Now I want to talk about that period from the
3 fall of 1984, when the Boland amendment was adopted,
4 until the provision came in that authorized third country
5 solicitation for humanitarian aid by the State
6 Department. Did you participate in the discussions of
7 legislative strategy that led to seeking from Congress
8 permission for the solicitation of humanitarian aid?

9 A I conceivably could have participated in
10 conversations, although that was not my major area of
11 responsibility during that time period. As I think I've
12 testified before, Mr. McFarlane, with his experience on
13 the Hill and also because he was the National Security
14 Advisor, took the responsibility in our front office for
15 legislative action and relations with the Congress.

16 And one of the other deputies, Mr. Fortier --
17 see I was the principal deputy at the time, and there
18 were some other deputies. Mr. Fortier, who had been on
19 the House Foreign Affairs Committee staff, did most of
20 the staff work for Mr. McFarlane on legislative strategy,
21 so I was probably in rooms during discussions of the
22 issues but I really didn't contribute very much and
23 didn't really get involved in the action.

24 Q Can we mark as the next Exhibit, Exhibit 24, a
25 document addressed to Mr. McFarlane by that famous author

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1 Oliver North, dated January 15, 1985. The cover page
2 indicates that Mr. Poindexter, Admiral Poindexter was
3 copied on it.

4 (The document referred to was
5 marked Poindexter Exhibit
6 Number 24 for identification.)

7 Admiral, let me give you --

8 MR. BECKLER: Let us take a look at it for a
9 moment, Arthur, please.

10 (Pause.)

11 BY MR. LIMAN: (Resuming)

12 Q First, do you recall whether you read this
13 document?

14 A I've got to read it.

15 MR. BECKLER: Let the record reflect this is
16 about a ten-page document we're seeing for the first time
17 here -- well, not ten.

18 MR. LIMAN: It doesn't matter. It's not a
19 one-page document.

20 MR. BECKLER: A multi-page document.

21 (Pause.)

22 BY MR. LIMAN: (Resuming)

23 Q Have you looked at it? Do you recall whether
24 you saw it?

25 A I don't recall whether I've seen it. In fact,

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1 my guess would be that I probably didn't see it, even
2 though it says I did.

3 MR. BECKLER: You didn't read it?

4 THE WITNESS: I probably didn't even see it.
5 But anyway what it is, obviously it was in a notebook.
6 See, this was the beginning of the year, I guess, after
7 the Boland Amendment passed, and as I recall Colonel
8 North had convinced Mr. McFarlane that he ought to make a
9 trip down through Central America, and this was the
10 background paper which was no doubt included in a
11 notebook with probably other tabs.

12 And the chances are, because it was not really
13 an action document, it probably, the notebook probably
14 went directly in to Mr. McFarlane. I probably got a copy
15 and I may or may not have read it. I don't recall
16 reading it.

17 BY MR. LIMAN: (Resuming)

18 Q Well, if you look at page three --

19 A Numbered three?

20 Q The page numbered three, at the top Colonel
21 North wrote:

22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 "The resistance" refers to the contras; you are aware of

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1 that, correct?

2 A Right. Correct.

3 Q [REDACTED]

4 [REDACTED]

5 [REDACTED]

6 [REDACTED] And then he refers to six
7 basic options. [REDACTED]

8 which he puts a parentheses, Tab F, and the first one
9 says [REDACTED]

10 [REDACTED]

11 Do you see that?

12 A Yes.

13 Q If the understanding at the NSC was that
14 Boland didn't prohibit obtaining third country support,
15 do you know why Oliver North was discussing with
16 McFarlane obtaining new legislation to authorize as such
17 third country support?

18 A I don't know what Colonel North was thinking
19 about when he wrote that.

20 Q And he also, as you go down, the fourth option
21 is [REDACTED]

22 [REDACTED] Do you remember
23 any-discussions about the fact that the NSC should not be
24 soliciting funds for the contras?

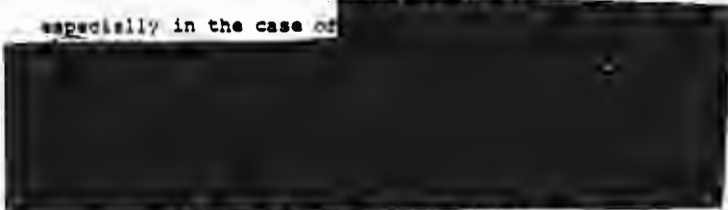
25 A Mr. McFarlane was very sensitive about the

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1 issue. The sensitivity, as I understood it, was that he
 2 felt the same way I did, that the more people that knew
 3 about something the more likely it was to leak out, and
 4 especially in the case of [REDACTED]



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 9 so Mr. McFarlane's sensitivity, as I
 10 understood it, was about a wholesale effort to identify
 11 third countries to provide contributions unless it was a
 12 procedure that was agreed to by all concerned.

13 Q Who is "all concerned"?

14 A I think including the Congress. I think, you
 15 know, he recognized that Congress wouldn't like it, the
 16 opponents of the program in Congress wouldn't like it.

17 Q Well, Admiral, did you listen to McFarlane's
 18 testimony?

19 A I did.

20 Q Do you recall McFarlane testifying that he
 21 stated on more than one occasion at staff meetings of the
 22 NSC that the NSC should not solicit, coerce, encourage,
 23 or broker contributions for the contras?

24 A I don't have any recollection of that.

25 Q Well, that's his testimony.

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1 A I know. I heard him testify to that.

2 Q But do you recall him? I'll get it, Mr.

3 Beckler. Do you recall him ever saying that at the NSC
4 staff meetings?

5 A I don't recall his saying that. That doesn't
6 mean he didn't do it. I just simply don't recall it.

7 Q Now you attended, as his Deputy, staff
8 meetings with the President, briefings with the
9 President?

10 A Yes, in general that's true.

11 Q Was there any discussion in your presence with
12 the President about whether third party solicitations,
13 third country solicitations were appropriate during the
14 period that you were Deputy?

15 A I can't. I've tried to think about it and
16 recall. I can't recall a specific incident.

17 Q Did you ever hear the President discuss the
18 [REDACTED] contribution?

19 A I can't recall that, although I felt that he
20 was aware of it.

21 Q Well, when you said you felt he was aware of
22 it, why?

23 A Because I think, as I recall, Mr. McFarlane
24 told me that he had told the President.

25 Q But Mr. McFarlane never told the President in

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1 your presence, correct, so far as you recall?

2 A As far as I recall, I can't remember it. So
3 his explanation in his testimony that he included it as a
4 note in the 9:30 briefing folder seems logical.

5 Q Is there any reason that you can think of,
6 having held the position of National Security Advisor,
7 why Mr. McFarlane would not tell the President that [REDACTED]
8 [REDACTED] had contributed?

9 A I don't see any reason why he wouldn't. I can
10 understand why he did it by note, though.

11 Q Would you consider it to be a possibly
12 embarrassing thing from a political point of view if the
13 President had to acknowledge that he knew of a [REDACTED]
14 contribution?

15 A I don't --

16 (Counsel conferring with the witness.)

17 MR. BECKLER: Repeat the question, Arthur.
18 You've got a lot of negatives in there -- would it be
19 possible, if not.

20 MR. LIMAN: Mr. Beckler, we don't have to have
21 speeches.

22 BY MR. LIMAN: (Resuming)

23 Q You've already indicated that there were some
24 things that you didn't tell the President because you
25 wanted to spare him potential embarrassment if it came

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1 out; correct?

2 A That's correct.

3 Q And you wanted to give him deniability; is
4 that right?

5 A That's correct.

6 Q Now do you think that it would have been
7 embarrassing to the President of the United States if it
8 came out that he knew that [REDACTED] had contributed to
9 the contras during the Boland period?

10 A I guess I would have to say that I don't think
11 it would be particularly embarrassing. That was not my
12 understanding of Mr. McFarlane's concerns.

13 Q Well, you understood that Mr. McFarlane didn't
14 even want to discuss this in the presence of the Chief of
15 Staff, right?

16 MR. BECKLER: Objection. I don't know where
17 that understanding comes from, what is the basis for your
18 saying what this client of mine understood about what Mr.
19 McFarlane said. Let me finish my objection, please.
20 This is a deposition. I have a right to put my
21 objections on the record without having counsel cut me
22 off. Now you either let me do it or we're not going to
23 continue this deposition.

24 MR. LIMAN: Okay. You can make all the
25 objections you want.

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MR. BECKLER: Thank you, Counsel.

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BY MR. LIMAN: (Resuming)

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BY MR. LINANE: (Resuming)

Q Did you have any discussions with any [REDACTED]
officials about the importance of [REDACTED] assisting

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1 the United States in fighting communist incursions in
2 Central America?

3 A The only conversation that I recall was the
4 one I think I testified about on the second of May, and
5 that was a discussion with [REDACTED] at his residence
6 and I don't know the time frame, but it was after some
7 long period, as I recall, after [REDACTED] contribution in
8 which I raised the issue with him as to how General
9 Vessey knew about what I recall was \$25 million.

10 Q Why were you disturbed that General Vessey
11 knew?

12 A Only from the standpoint that that indicated
13 one more person in the compartment that knew that that we
14 frankly didn't think had a need to know.

15 Q Did you think that General Vessey could keep a
16 secret?

17 A Yes, unless he made a mistake. And, you know,
18 as you have detected, I guess, I am pretty close-mouthed
19 in public. And I just don't believe that people need to
20 know things if it's not essential.

21 Q Did you think that the Secretary of State
22 needed to know this?

23 A I guess I would have to answer that that I
24 think he probably should. And, frankly, I wasn't certain
25 whether he knew or didn't know.

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1 Q As you recall -- and we'll come to it -- in or
2 around June of 1986 you and Oliver North had an exchange
3 as to whether the Secretary of State knew.

4 A You want me to talk about that?

5 Q Yes, why don't you? We might as well do it
6 now?

7 MR. BECKLER: Arthur, let me just interject
8 one thing here. The reporter is not noting when he
9 consults with his counsel on the record?

10 MR. LIMAN: The reporter normally does note
11 that.

12 MR. BECKLER: I don't think that should be
13 noted. It's not necessary.

14 MR. LIMAN: I believe in every deposition I've
15 ever been at it's noted.

16 MR. SMALL: It wasn't noted at the last
17 deposition.

18 MR. BECKLER: It should not be noted at this
19 deposition either. It's irrelevant. He has a right to
20 confer with me and it doesn't have to be noted in the
21 record.

22 MR. LIMAN: He has an absolute right to confer
23 with you, but the record ought to indicate when he's
24 conferring with counsel.

25 MR. BECKLER: I have never seen in the

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1 depositions that I've taken it noted without agreement by
2 counsel that that should be allowed, and I'm not agreeing
3 to that procedure. I think it clutters the record and I
4 don't think there's any provision for saying that that
5 necessarily should be included.

6 MR. LIMAN: Simply because I'm older than you
7 I've taken more depositions than you have and to me it's
8 almost unheard of not to note what the fact is, which is
9 that you are consulting with your client, which you have
10 a perfect right to do and from which no inferences are
11 drawn, period.

12 MR. SMALL: Then accordingly there's no need
13 to have it on the record, so no inference can be drawn
14 from it. It has a chilling effect on consultation
15 between counsel and clients.

16 MR. LIMAN: You know something? It has an
17 actual important purpose, which is that if questions ever
18 arise as to whether or not the witness did or didn't have
19 a recollection of something, the fact that there's no
20 dispute as to whether he consulted with his counsel is
21 important to have on the record. There's nothing to be
22 ashamed of in having it on the record, and I think you're
23 being much too sensitive about it.

24 MR. BECKLER: We're not saying we're ashamed
25 of it; we just object to the procedure of having it noted

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1 on the record.

2 MR. LIMAN: Your objection is noted and we can
3 take it up with the Chair, and if you want it eliminated
4 from the record I will leave it to the Committees, but I
5 think it's a proper procedure. Do you agree?

6 MR. LEON: Can we talk about it for a second
7 off the record?

8 (A brief recess was taken.)

9 BY MR. LIMAN: (Resuming)

10 Q At the break you were going to tell us about
11 the circumstances under which you found out that the
12 Secretary of State did not know about [REDACTED]
13 contribution and so on.

14 A Right. I can't recall exactly what prompted
15 Colonel North's PROfs note to me, which I have seen since
16 and so my memory has been refreshed that he sent such a
17 note, but when he asked me whether the Secretary of State
18 knew and I responded to him in some rather definitive way
19 that I didn't know, and said that, as I recall, the less
20 he knew, the better.

21 Q You said in essence -- I could get the note
22 out -- that we'd better check with McFarlane, or he said
23 that, as to what the Secretary of State knew or didn't
24 know.

25 A But the point I want to make is that I would

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1 often tell Colonel North -- I mean, I didn't necessarily
2 tell Colonel North everything that I was doing, but I
3 didn't want him inquiring around as to whether the
4 Secretary of State knew or didn't know. After his note
5 my recollection is that I called Mr. McFarlane, asked
6 him, and my recollection is that he said that he didn't
7 think that he had told the Secretary of State but that he
8 would. And I said fine.

9 Q Okay. Let's move on. Let me ask you
10 something out of order but in connection with another
11 witness does the name [REDACTED] mean anything to
12 you?

13 A Yes, it does.

14 MR. LIMAN: Can we go off the record for a
15 second?

16 (A discussion was held off the record.)

17 MR. LIMAN: Back on the record.

18 BY MR. LIMAN: (Resuming)

19 Q Do you recall, Admiral, ever discussing with
20 McFarlane in early 1985 whether or not you needed a new
21 Presidential Finding in order to seek third country
22 support for the contras?

23 A I can't recall that.

24 Q Let's mark as the next exhibit a PROPs note
25 from Fortier to McFarlane, copy to you, Admiral, shown

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1 right on it.

2 (The document referred to was
3 marked Poindexter Exhibit
4 Number 25 for identification.)

5 (Pause.)

6 Do you recall receiving this PROF note?

7 A No, I don't recall it.

8 Q You see that it says, toward the last third of
9 the PROF note, "Ollie believes we need to flag the
10 possible option of a Finding permitting us to seek third
11 country support. John and I are both uneasy about
12 raising this." Do you remember ever expressing any
13 discomfort about seeking a new Presidential Finding with
14 respect to third country support?

15 A As I said, I don't recall the memo, but that
16 would be consistent with my view.

17 Q Which was?

18 A Which is that I would have been uneasy about
19 raising that because if we raised it we wouldn't have any
20 assurance that we could get Congressional agreement on
21 it, and I felt that it was better, we were in a better
22 situation where we were of being able to quietly get
23 third country support. If we raised it, we might be told
24 specifically not to, and that would put us in a bind.

25 Q Did you discuss this point of view with

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1 someone?

2 A According to this note I discussed it with at
3 least Don Fortier. I don't have -- I mean, I know how I
4 felt about the issue, but I don't recall any
5 conversations about this, about it.

6 Q Did you discuss this with the President of the
7 United States?

8 A I don't have any recollection of it.

9 Q Do you recall any Presidential -- sorry. Do
10 you recall any Presidential addresses in which the
11 President described Nicaragua as his number one priority
12 at the time?

13 A I don't recall one specifically. I don't
14 doubt that he did. It would be consistent with his
15 position.

16 Q And is it fair to say that in your working
17 with the President it was a matter of great interest of
18 his, the support of the contras?

19 A I would phrase it a little differently.

20 Q Well, I'd like your phrasing.

21 A He felt that getting a democratic government
22 in Nicaragua was a very important issue in terms of the
23 long-term national security of the United States. He
24 also felt that the way to do that was to keep pressure on
25 the Sandinista government to do that. He felt the

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1 contras ought to be supported. But I would describe his
2 priority as getting a democratic government in Nicaragua.

3 Q Are you aware that when legislative votes
4 would come up on the subject of funding for the contras
5 that the President would call the Members of Congress?

6 A Absolutely.

7 Q And he would even take the time to make
8 notations of what their reactions were to his appeals?

9 A That was his standard procedure in terms of
10 his conversations with Members of Congress.

11 Q Then can you tell me, given this concern of
12 the President, whether you recall any discussions with
13 the President of the United States during the period that
14 you were the Deputy National Security Advisor about third
15 country support?

16 A Well, as I testified on the second of May, I
17 recall one specific incident, and that was while I was
18 technically still the Deputy, when I came back from the
19 one-day trip I made through Central America and my
20 memory, of course, was refreshed because of my notes.
21 But I did discuss with him then [REDACTED] support.

22 Q You mean --

23 A The air strip.

24 Q You discussed that?

25 A Yes. But, you see, normally in the 19:30

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1 meetings with the President when I was the Deputy, I
2 listened and seldom interjected anything of my own unless
3 Mr. McFarlane specifically turned to me.

4 Q Well, let me make it clear I'm not asking you
5 whether you said we ought to get third country support.
6 I was asking you any conversations. Do you recall the
7 President discussing it, McFarlane discussing it in that
8 period?

9 A There no doubt was. I simply don't have a
10 recollection of it. We conceivably could have had an NSC
11 or NSPG meeting on the subject.

12 Q Do you recall at any time during that period,
13 which is a period when there was a total cutoff of aid by
14 Congress, any position that the President expressed on
15 whether aid should be sought from third countries?

16 A I just, Mr. Liman, simply don't have a
17 recollection of it. That doesn't mean that it didn't
18 come up. I just don't recall it. Conceivably my
19 previous notes that I suppose you have access to could
20 indicate that, but I don't remember. I haven't seen
21 those notes.

22 Q I can assure you, Admiral Poindexter, I'm not
23 holding back pieces of paper from you and that if your
24 notes indicated I would show them to you know. That's
25 why I'm asking you for your recollection.

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1 A No, I don't. As I said, it doesn't mean that
2 they didn't occur, and just because they don't appear in
3 my notes doesn't mean it doesn't occur.

4 Q But essentially from June of 1984, when money
5 ran out, until August of 1985, when NHAO money was made
6 available to the contras, the funding was coming from
7 third countries?

8 A Um-hum.

9 Q Can you not recall a single occasion in which
10 you were present where the President was told that?

11 A I'm sorry. I just can't recall it.

12 Q Was the President interested in how the
13 contras were doing from a financial point of view?

14 A You see, that was not characteristic of the
15 President. That was a level of detail that as long as he
16 knew that they were being supported he depended on us to
17 follow, you know, how much money they had, where it was
18 coming from, and so that's not something that, for
19 instance, that I would particularly raise with him as
20 National Security Advisor.

21 Mr. McFarlane may have discussed it. I simply
22 don't recall it.

23 Q Well, how did you think he knew that they were
24 being supported?

25 A Well, as I said earlier, I was aware because

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1 Mr. McFarlane told me that he had informed the President
 2 of [REDACTED] contribution, and so my understanding was
 3 that the President knew that. And again because of the
 4 great sensitivity that we attached to that, for the
 5 reasons that I have described, it was important that it
 6 not be discussed in front of a lot of people. In the
 7 9:30 meetings that I attended as Deputy there were always
 8 several people there.

9 And at one point, as Mr. McFarlane has
 10 testified, when Jim Baker was the Chief of Staff there
 11 would usually be a total of, myself included, about seven
 12 people in the office, and sensitive issues like that Mr.
 13 McFarlane didn't like to discuss in such a large group.
 14 And I certainly understood that and, frankly, agreed with
 15 it.

16 Q You testified last time that in approving the
 17 use of some of the proceeds of the Iranian arms sale for
 18 the contras you believed that you were acting consistent
 19 with the President's policies and the precedents of third
 20 country support; correct?

21 A Correct.

22 Q And you said that you believed that if the
 23 President had been told about this he would have
 24 concurred?

25 A That is my belief.

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1 Q Other than [REDACTED] contribution is there a
 2 single other contribution for the contras during the
 3 Boland period that you are aware of that the President
 4 knew, and that's prior to Brunel?

5 A I suspect that -- I can't remember the exact
 6 timing of the contribution from [REDACTED]

7 Q Well, I'll help you on that.

8 A When was that?

9 Q The contributions from [REDACTED] came in before
 10 the diversion.

11 A What I was going to say was I suspect the
 12 President knew about that. I can't recall --

13 MR. LEON: It was the August-October time
 14 frame.

15 THE WITNESS: '85.

16 BY MR. LIMAN: (Resuming)

17 Q When you say you suspect he knew about then,
 18 what gives you that suspicion?

19 A Well, Mr. McFarlane was still there and there
 20 would have been no reason for him not to tell the
 21 President about [REDACTED] contribution because the
 22 President was aware of [REDACTED] contribution.

23 Q But Mr. McFarlane denies that he knew of the
 24 [REDACTED] contribution.

25 A Well, that's his recollection.

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1 Q Did you ever hear McFarlane tell the President
2 about the [REDACTED] contribution?

3 A I can't recall it.

4 Q Now the [REDACTED] contribution would have also
5 been a very controversial contribution; correct?

6 A It would have for many of the same reasons.

7 Q Did you tell the President about the [REDACTED]
8 contribution?

9 A I don't recall doing that.

10 Q Who told you about the [REDACTED] contribution?
11 Who told you about it?

12 A Colonel North, my recollection is.

13 Q You testified last time that from time to time
14 Colonel North would be invited to the briefings of the
15 President when there was something involving Central
16 America that he would have some input on.

17 A That's correct.

18 Q Did Colonel North ever report to the President
19 in your presence on contributions from third countries?

20 A I don't recall that.

21 Q Was the President ever told in your presence
22 that any monies were being solicited for lethal aid for
23 the contras from private citizens?

24 A As I testified on the second of May, I don't
recall great distinctions being made in terms of private

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1 contributions and third country contributions between
2 lethal and non-lethal aid. You know, frankly that is a
3 real semantic exercise.

4 Q But the President of the United States said
5 that he understood that the money that was being
6 solicited from American citizens was being used for ad
7 campaigns to encourage support for the contras. That's
8 what he just said. Now were you ever present when he was
9 told something to the contrary?

10 A As I've said, I can't recall that.

11 Q You can't recall what?

12 A Being in his presence when he was told
13 something contrary to that. That's his recollection.

14 Q Now there is a distinction between lethal aid
15 and ad campaigns to solicit support for contra aid
16 legislation, isn't there? You'd agree with that?

17 A Well, in the end they both have the same
18 effect.

19 Q Admiral, there's a difference in your mind,
20 isn't there, between spending money for hand grenades and
21 weapons and for an ad campaign?

22 A Well, if an ad campaign leads to a change in a
23 Congressional vote, it accomplishes the same purpose.

24 Q But did the President of the United States
25 ever approve a solicitation of funds for anything other

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1 than ad campaigns so far as you know?

2 A As I testified earlier, he often talked in
3 generic terms about how he thought it was appropriate for
4 private individuals to support the contras. As I said, I
5 don't recall a distinction being made between lethal and
6 non-lethal aid. As I've said, he often quoted or
7 discussed the precedents of the organizations like
8 Lafayette Escadrille and other efforts of U.S. citizens
9 on a private basis helping in the insurgencies in foreign
10 countries.

11 So, you know, my impression at this point,
12 recalling the time period, there's not a big distinction
13 in my mind between lethal and non-lethal aid. I was
14 convinced that the President was in favor of private
15 support to the democratic resistance.

16 Q Was there distinction in your mind between
17 lethal and non-lethal aid when Congress passed the law
18 that said that third country assistance could be
19 solicited for humanitarian purposes?

20 A I frankly don't recall that distinction. I do
21 recall when NHAO was in existence that there were various
22 controversies about what was lethal and non-lethal when I
23 became the National Security Advisor and it involved at
24 that point, in consultations with Congress I can recall

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1 and I recall that my thinking at the time was that this
2 is a real uncertain division.

3 Q Admiral, do you not recall discussions when
4 you were National Security Advisor and Deputy about the
5 fact that one option was to get legislation permitting
6 you to seek from third countries humanitarian aid?

7 A I recall that there were discussions about
8 that that eventually led to the modification of the
9 legislation.

10 Q And do you recall that there were discussions
11 in which at least Members of Congress drew a distinction
12 between humanitarian aid and lethal aid?

13 A Yes.

14 Q And do you recall that the President of the
15 United States signed a bill that came from Congress that
16 drew that distinction between humanitarian aid and lethal
17 aid?

18 A Yes.

19 Q And so whether you think that there's a
20 difference between humanitarian aid and lethal aid, do
21 you recall any discussions with the President of the
22 United States in which there was a distinction drawn for
23 him between lethal and non-lethal aid?

24 A The only discussions that I can recall were
25 with regard to the legislation that would appropriate

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1 U.S. Government funds. I don't recall those discussions
2 in connection with third country and private support.

3 Q Now when Congress passed the law in December
4 of 1985 permitting the State Department to solicit
5 humanitarian aid, were you aware of the passage of that
6 law?

7 A In general terms I was.

8 Q Did you consider that you were free at that
9 point to seek lethal aid from third countries?

10 A I don't recall focusing on that particular
11 distinction. Frankly, if we were able to get third
12 country contributions to go to the contras it was going
13 to be very difficult for us to have any sort of control
14 over how the money was spent.

15 Q Well, Admiral, did you feel after that law was
16 passed that you were free to go to a third country and
17 say we want money for munitions?

18 MR. BECKLER: I'm going to object to this line
19 of questioning. This really is getting into the area of
20 whether or not Admiral Poindexter, what his
21 interpretation of various laws was, what he did, what he
22 did not do. You can ask him what he did, what he
23 remembers, who he spoke to, but he is not qualified to be
24 expounding on what the meaning of a particular law is or
25 whatever everybody else felt the meaning of the law was.

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1 Let's just get on with the facts of what happened.

2 BY MR. LIMAN: (Resuming)

3 Q Admiral, did you understand that when the
4 Secretary of State was approaching Brunei through his
5 Assistant Secretary of State that he was seeking
6 humanitarian aid?

7 A As I said, I don't recall that distinction.

8 Q Did you believe that when you approved the use
9 of the proceeds from the Iranian arms sale that it was
10 going to be used only for non-lethal support?

11 A Absolutely not.

12 Q Did McFarlane ever tell you whether he told
13 the President of the United States what [REDACTED] money
14 was going to be used for?

15 A I simply can't recall that.

16 Q Did [REDACTED] when you met with him, tell you
17 that the contribution was for humanitarian aid?

18 A I don't recall that distinction being made.

19 Q But you had an understanding that they were
20 using that money for guns and ammunition, didn't you?

21 A That's correct.

22 Q Were you involved at all in any of the
23 preparatory sessions for the meeting [REDACTED]
24 [REDACTED]

25 A I probably was. Our general procedure was to

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1 have at least one pre-briefing [REDACTED]

2 [REDACTED] I don't recall this one, but no
3 doubt there was one and I was probably there.

4 Q Do you recall any discussion with the
5 President of the United States about the fact that the
6 money that had previously been pledged by [REDACTED]
7 was inadequate and was running out and that we needed
8 more money for the contras?

9 A I don't recall that.

10 Q Was there any discussion prior [REDACTED]
11 [REDACTED] that we had to find some increased source of
12 funding for the contras?

13 MR. BECKLER: Discussion with whom?

14 BY MR. LIMAN: (Resuming)

15 Q Any discussion that you are aware of?

16 A I do have some recollection that Colonel North
17 reported that the contras were running out of money, and
18 my recollection is that he went back to Mr. McFarlane and
19 asked him to reapproach [REDACTED] about increasing
20 their contribution. I can't remember what time frame
21 that was.

22 Q Was that discussed with the President in your
23 presence?

24 A Again I don't recall it, because again, you
25 know, I can't, for instance, recall a time that I met

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1 with the President and Mr. McFarlane, just the three of
2 us. Now conceivably there may have been an occasion, but
3 I can't recall it. But it would only have been under
4 that kind of limited participation, at least my belief
5 today is that it would have only been under that kind of
6 situation, that Mr. McFarlane would have raised that
7 issue.

8 Q Why?

9 A Again because we felt the fewer people that
10 knew about this the less chance there was for leakage,
11 and for the reasons I have described we were concerned
12 about leakage.

13 Q But here you had the President of the United
14 States who you acknowledge was deeply concerned about the
15 fate of the contras during this funding cutoff.

16 A That's correct.

17 Q And you are being told by Colonel North, who
18 is the point man on this, that they are running out of
19 money; correct?

20 A That's correct.

21 Q And you're being told by Colonel North that we
22 ought to go back to [REDACTED] is that so?

23 A That's correct.

24 Q I mean, if you don't bring something like that
25 to the attention of the President, what is brought to the

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1 attention of the President of the United States?

2 MR. BECKLER: Does he have to answer that
3 question?

4 MR. LIMAN: Yes, it's a serious question. I
5 don't know what issue is elevated to the attention of the
6 President if something like this isn't.

7 MR. BECKLER: If you have an issue that you
8 want to ask if it's elevated to the President, you ask
9 him, but he's not going to sit here and answer what is
10 elevated to the President during the five years he worked
11 in the White House.

12 Now we have had asked and answered at least
13 fifteen times about what he recalls about what he spoke
14 to the President about about [REDACTED] Now we're not
15 going to sit here and answer it over and over and over
16 again.

17 MR. LIMAN: You can make all the speeches you
18 want.

19 BY MR. LIMAN: (Resuming)

20 Q What are the criteria for deciding what issues
21 to elevate to the President of the United States?

22 A It's a very hard thing to define. It's very
23 subjective. It depends on a lot of personal judgment.
24 Certainly untoward incidents against U.S. property and
25 personnel any place in the world, the status of

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1 legislation, the status of the -- with regard to Central
2 America, the status of our negotiating track, the status
3 of the contras in terms of how many there are, how many
4 are armed, whether they are in country or in one of the
5 surrounding countries, arms control. An awful lot of
6 time is spent on arms control.

7 You have presumably my 9:30 file, although I
8 guess maybe you've got redacted versions of it. There
9 are a whole range of things. But going back to your
10 earlier questions, I'm not saying the President wasn't
11 told about those things; it's simply that I don't have a
12 recollection of it.

13 You know, in that position you really get into
14 a situation of overload on your memory. There are so
15 many issues. You know, we're talking about a time period
16 that I was involved in the White House of five and a half
17 years. You know, without something that tickles my
18 memory or that I can refer to, I simply don't have a
19 recollection of it.

20 Q Admiral, you have mentioned that one of the
21 concerns about talking about [REDACTED] with the
22 President was that there was a desire to keep this
23 information closely held; correct?

24 A That's correct.

25 Q And that the more people who know, the greater

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1 the risk of leak, I suppose.

2 A Inadvertent leakage, too, not intentional
3 necessarily.

4 Q But isn't it a fact that very, very sensitive
5 secrets of state were discussed at these early morning
6 briefings of the President?

7 A That's correct.

8 Q And without getting into what they were, I
9 mean, can you not recall occasions when matters of even
10 greater sensitivity than the fact that [REDACTED] is
11 giving some money to the contras was discussed with the
12 President in the presence of this little family group he
13 has there?

14 A Now what's the specific question again?

15 Q Weren't there matters of even great national
16 sensitivity than [REDACTED] contribution discussed with
17 the President at this security briefing he got every
18 morning in the presence of his chief of staff?

19 A Well, again, you know, to answer that question
20 you need to think about the philosophy as to why or the
21 theory as to why leaks occur. If an issue is clearly of
22 national security concern of the United States, like, oh,
23 let's say, that we have a spy in [REDACTED] or something
24 -- I'm not saying we do -- now that would clearly be
25 recognized by everybody in that meeting as something that

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1 they should never say anything about.

2 An issue like [REDACTED] contributing funds
3 for Central America doesn't fall in that category. It's
4 sensitive because of the sensitivity [REDACTED] have
5 about it. It's sensitive from the standpoint that we
6 don't want more restrictive legislation. But it's more a
7 political issue, and those are the things that people
8 sometimes like to reveal either intentionally or they do
9 it unintentionally to indicate how in the know they are.
10 And those things are very susceptible to leakage.

11 And so that's why there was a big distinction,
12 at least in my mind. I can't speak for Mr. McFarlane.

13 Q And when you say in your mind, that's why you
14 assumed that he never discussed it insofar as you recall
15 in your presence with the President?

16 A That's correct. It was a tidbit that could
17 easily leak out.

18 Q I'm going to mark as the next Exhibit an NSC
19 document dated September 2, 1984, from North to
20 McFarlane. It shows that you have received it, but, if I
21 read this correctly, before McFarlane. And I'll ask you
22 to look at it, see if you can recall it. The handwriting
23 on the end is hard to read, but it says "Let's wait a
24 week or two." Then it's crossed out, and it says "I
25 don't think that is legal."

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1 MR. BECKLER: Are we going to go off the
2 record for a minute on this question of receiving it? I
3 just want to clarify something.

4 (A discussion was held off the record.)

5 (The document referred to was
6 marked Poindexter Exhibit
7 Number 26 for identification.)

8 (Pause.)

9 BY MR. LIMAN: (Resuming)

10 Q This was also printed, I should tell you, in
11 the Tower Report, as I recall, or summarized.

12 Do you recall that at all?

13 A No, I don't. In fact, the way this route
14 sheet is marked I can't recall whether I saw it. The
15 only way that you can be sure that I have read a memo is
16 if my initials are on it someplace.

17 Q Why don't we get into that now? During the
18 period that you were the Deputy could you give me an
19 estimate of how many pages a day of reading you did?

20 A Hundreds. I don't know the number -- a very
21 large amount.

22 Q Do you speed read?

23 A No. I'm a slow reader.

24 Q And after you became National Security Advisor
25 did the reading increase or decrease?

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1 A Decreased.

2 Q Because you had a Deputy who could do it?

3 A Yes, for a period of time. - But, of course,
4 then I operated from the middle of May until the first
5 of, I guess, the end of September without a Deputy. But
6 still it seems to me my staff filtered out the stuff, as
7 I had done for Mr. McFarlane.

8 Q Now if you filtered out the material for
9 McFarlane, who would have filtered out a report like this
10 for McFarlane?

11 A This must have had some time urgency. It
12 looks like the President was getting ready to do
13 someplace in the afternoon. What I was going to say is
14 that the check mark means that a copy of it was sent to
15 me. Whether I saw the copy before Mr. McFarlane did
16 would be highly questionable.

17 Q But who would --

18 A And the chances are I did not see everything
19 that came out from Mr. McFarlane.

20 Q But who would screen the memos that were
21 addressed to McFarlane during the period that he was
22 National Security Advisor?

23 A I would normally.

24 Q And would someone screen them for you?

25 A Yes. **UNCLASSIFIED**

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1 Q So that if somebody sent a memorandum to
2 McFarlane what would be the process?

3 A Well, it depends on what system it's in.

4 Q Let's take System IV.

5 A Again, on System IV it would depend on the
6 content. Some of the System IV items -- the normal flow
7 of paperwork for all the Systems was from the staff
8 officer to the Executive Secretary, from the Executive
9 Secretary up to the Deputy, and from the Deputy in to the
10 National Security Advisor.

11 Now under me I did it a little bit
12 differently. Before it got to me, after it left the
13 Deputy, it also went to my military assistant, who did
14 even more filtering.

15 Q But would somebody put them in piles for you
16 so that you'd understand that some things really required
17 action and you should read and other materials was just
18 to tell you that something had been sent but it was not a
19 matter that required your paying any attention to it?

20 A That's correct. I had several categories --
21 urgent items that were in a red folder, action items that
22 were less urgent but that I had to take some sort of
23 action on, and then information items. Chances are, just
24 looking at this document, that because it was going in to
25 Mr. McFarlane at the same time it was going in to me, it

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1 probably went into my information folder.

2 Q You see, in this memorandum Oliver North is
3 recommending that a private donor be approached to fund
4 the purchase of a helicopter for the FDN; correct?

5 A Um-hum.

6 Q And he talks about the fact that the only
7 helicopter that the FDN had on its northern front had
8 been shot down.

9 A Um-hum.

10 Q And if the notation there was put on at the
11 time, Mr. McFarlane indicated that he thought it wasn't
12 legal to approach a private donor.

13 A I don't know what Mr. McFarlane was thinking.
14 I mean, I see what he wrote, but I don't know the
15 background.

16 Q But you have no recollection of the memo and
17 you have no recollection of Mr. McFarlane expressing a
18 view against solicitation of funds? Is that what it
19 comes down to?

20 A That's not exactly what I've said before.
21 What I've said before is that my impression was that he
22 was sensitive about solicitation on any sort of a broad
23 scale.

24 Q What does that mean?

25 A Well, for example, he didn't want, for

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Oliver North?

*Was this Parker-
Pruett copy?*

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1 example, State Department going out and soliciting funds
2 from third countries.

3 Q But this was Oliver North. He's not State
4 Department.

5 A Yeah, that's true. Again, I don't recall it.
6 I don't recall having any discussion with Mr. McFarlane
7 about it. I don't know what his rationale was for saying
8 that. I frankly wouldn't see anything wrong with it.

9 Q And I think I know the answer. Is it a fact
10 that you don't recall whether this was ever elevated to
11 the President of the United States?

12 A I'm sorry. I just don't know.

13 Q I'll mark as the next exhibit a memorandum
14 dated March 27, 1984. It's from Mr. Casey to Mr.
15 McFarlane, and the only question I have is whether or not
16 you've seen this document before.

17 (The document referred to was
18 marked Poindexter Exhibit
19 Number 27 for identification.)

20 There is writing on the second page.

21 (Pause.)

22 A I don't recall seeing it.

23 Q I'll next mark as the next exhibits two PROF
24 notes, each given a separate number, one dated 5/8/86,
25 one dated 9/15/86. Both of them are addressed to you

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1 from North.

2 [REDACTED]

3 [REDACTED]

4 [REDACTED]

5 (The document referred to was
6 marked Poindexter Exhibit
7 Number 28 for identification.)

8 The other is a message that refers to a
9 [REDACTED] offered to put some
10 Spanish-speaking Israelis into Central America to assist
11 in training.

12 (The document referred to was
13 marked Poindexter Exhibit
14 Number 29 for identification.)

15 My question is whether you've seen these PROF
16 notes before and whether this was a subject that was
17 briefed to the President of the United States, just so
18 you know when you read them what I'm looking for.

19 (Pause.)

20 Whenever you're ready, Admiral.

21 A Okay.

22 Q I'm talking about on Exhibit 28, I referred
23 you only to the top note. Do you recall that note?

24 A I don't recall the note. I recall the issue.

25 Q The issue being?

THAT'S CORRECT

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1

A

2

3

4

5

6

I do recall

7

that issue.

8

Q Was that ever reported to the President of the

9

United States by you?

10

A

11

12

13

A It's conceivable, but again --

14

Q It rings a bell?

15

A Yes, it rings a bell, but I don't have a firm

16

recollection of it.

17

Q What about Rabin's offer to send some Spanish-

18

speaking advisors to Central America?

19

A That's more vague. I don't remember the note

20

that you have here that's Exhibit 29.

21

Q While we're on the subject of notes, why don't

22

we deal with what Mr. Beckler had raised before? The

23

PROF note system was a system in which you would get the

24

message on a terminal; is that correct?

25

A That's correct.

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1 Q Now if you wanted to, you could print out the
2 message.

3 A Some. Well, in general that's true.

4 Q And you had a printer, right?

5 A Yes, I had a printer. You could also direct
6 the secretary to print it out.

7 Q In your case what was your practice with
8 respect to printing out PROF notes?

9 A Generally I didn't. Once in a while, if I had
10 something that was going to require further study or if
11 it was especially a complex issue that I wanted to think
12 about for a while, I would print it out, but that,
13 frankly, was very rare.

14 MR. BECKLER: To shed light on this, maybe you
15 could explain the system in the sense that you would
16 flash up on the screen to see what messages you had
17 before you got into the actual reading, because if you
18 had to read them on the screen it's like reading --

19 BY MR. LIMAN: (Resuming)

20 Q You would see who sent you the message; is
21 that correct?

22 MR. BECKLER: Why don't you just give us sort
23 of an overview as to how it worked?

24 THE WITNESS: There were several screens and
25 the PROF system did more than just send electronic

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1 messages. It also kept appointments and schedules and
2 telephone logs and several other functions. And you had
3 essentially an electronic in box and when you pushed the
4 key for the electronic in box you would get essentially
5 an index of the notes that you had waiting there.

6 It would indicate who the note was from, and I
7 believe I think it also indicates the subject. And then
8 you could either than go to that note and read it or not.

9 BY MR. LIMAN: (Resuming)

10 Q And you made it a practice, you testified last
11 time, of clearing out the old notes about once a month?

12 A That's correct.

13 Q That involved taking a few steps with the
14 computer?

15 A That's correct.

16 Q Did you ever teach Oliver North how to do
17 that? Is that one of your great regrets?

18 A Should I answer that?

19 MR. BECKLER: No, let's just go on.

20 THE WITNESS: Yes, there was a provision to
21 either save the note or delete it, and my normal routine
22 would be as I read the notes I would move them. I would
23 save them into a note file. That note file would grow.

24 BY MR. LIMAN: (Resuming)

25 Q Hard copy or just save them on the machine?

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1 A Electronically save them on the machine, and
2 then at the end of the month I would go in and move the
3 note file into another file and then erase that file.

4 Q Were you aware, Admiral Poindexter, that the
5 messages that you had in the PROF machine were copied
6 periodically by a central computer?

7 A I wasn't specifically aware of that, but in
8 general I understand that data processing centers back up
9 their disks to magnetic tape periodically to protect
10 against loss of information.

11 Q Okay. I've asked you about those two
12 messages. Now we talked previously about --

13 A I'm not sure I fully answered your question on
14 the Spanish-speaking trainers. I said I didn't recall
15 the message. It's very vague. I do have a recollection
16 that at various points the Israelis did talk in terms of
17 offering some trainers. I don't remember this particular
18 message.

19 Q Do you remember discussing that with the
20 President of the United States?

21 A I don't remember that, because I don't think
22 we ever did that or they ever agreed to do it.

23 Q [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 [REDACTED]
 2 [REDACTED] Was that ever discussed with
 3 the President of the United States?

4 A I don't believe that was, and the reason I
 5 could be a little more definite on that is that kind of
 6 thing I wouldn't have discussed with him until after the
 7 [REDACTED]

8 Q You wouldn't have told him that [REDACTED]
 9 [REDACTED]

10 A What was the time frame of that?

11 Q Well, I have the message, and why don't we
 12 mark it and I'll show it to you. But in whatever ledger
 13 people keep in their minds?

14 A It conceivably is something that I would have
 15 told him, I guess.

16 Q May '86. Let's mark this as the next exhibit.

17 (The document referred to was
 18 marked Poindexter Exhibit

19 Number 30 for identification.)

20 A It would have depended on what else was
 21 happening. You know, a lot of these things that would be
 22 on the margin of whether I would tell him or not depended
 23 on what else I had to do during the day. ;

24 Q You are now looking at the exhibit,

25 (Pause.)

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1 A I really can't recall.

2 Q Well, let me mark as the next exhibit some
3 handwritten notes of yours dated March 25, 1985.

4 (The document referred to was
5 marked Poindexter Exhibit
6 Number 31 for identification.)

7 (Pause.)

8 A Okay. This is what I was saying earlier. I
9 can't recall that, but obviously he did discuss that.

10 Q Now when you say he discussed it, the note
11 says "meeting with the President". This is your
12 handwriting, correct?

13 A That's correct.

14 Q "Bud covered our plan".

15 A Right.

16 Q "Third country assistance, non-lethal aid,
17 intelligence restrictions, private humanitarian aid."
18 What do you remember about "our plan"?

19 A I don't remember that.

20 Q Do you remember that when you wrote it down
21 you wrote "non-lethal" aid, so you knew what non-lethal
22 aid was?

23 A That's right.

24 Q And you write "private humanitarian aid", and
25 you understood that that's not the same as arms?

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1 A As I told you before, I can't recall this
2 conversation. I mean, my notes indicate that's what he
3 discussed, but exactly what was said under third country
4 assistance --

5 Q Admiral, if we step back and try to take an
6 overview of it this was a period in March of 1985 when
7 you were seeking to get some relief from the Boland
8 Amendment. You recall that, don't you?

9 A Well, we were always trying to do that.
10 That's correct.

11 Q I mean, you couldn't go back to Congress a
12 month after the amendment was passed, but there came a
13 point when you concluded that yes, you'd try to do it,
14 right?

15 A Um-hum, correct.

16 Q And you were trying to come up with a plan
17 that would be attractive to Congress so that you could
18 get the votes; is that correct?

19 A That's correct.

20 Q Now were you involved in the legislative
21 planning?

22 A Not really until I became National Security
23 Advisor in January of '86.

24 Q So that before that that would have been
25 McFarlane?

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1 A And Don Fortier, and I worked on other issues.

2 Q But did you understand that the package that
3 they were trying to sell to Congress involved presenting
4 it to Congress as what we'll do is we'll seek non-lethal
5 aid, humanitarian aid, that that was the pitch?

6 A It depends on the time frame. You see, before
7 I became National Security Advisor my position was that
8 we shouldn't make a distinction.

9 Q You wanted to have Congress vote it up or
10 down.

11 A That's exactly right, and that's what we did
12 in 1986. I wouldn't compromise.

13 Q But your predecessor did compromise?

14 A That's correct.

15 Q And you thought it was a mistake?

16 A I thought it was a mistake.

17 Q But you understood that at the very least he
18 and some of the others in the White House thought that
19 Congress might be more receptive to something which was
20 called humanitarian aid than something which said it was
21 going to be for arms and munitions, right?

22 A That was a generally-held view.

23 Q And you concluded when you became National
24 Security Advisor that this can't limp along like this?

25 A That's correct.

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1 Q And let's put Congress to the test?
 2 A That's exactly right.
 3 Q And they will either vote it up or down?
 4 A That's right.

5 Q And that was a change in philosophy?

6 A That's correct.

7 MR. LEON: Arthur, before you move on, can I
 8 just ask a question?

9 MR. LIMAN: You can ask. Incidentally, as I
 10 cover these subjects I have no problem with you breaking
 11 in.

12 MR. LEON: I've been trying to keep mine down
 13 a little bit.

14 EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

15 BY MR. LEON:

16 Q I wanted to ask you who this fellow Godfrey
 17 Sterling was you were having breakfast with.

18 A He's a journalist, Christian Science Monitor,
 19 I believe.

20 MR. LIMAN: You saw journalists, Admiral
 21 Poindexter?

22 THE WITNESS: Not if I could avoid it.

23 BY MR. LEON: (Resuming)

24 Q This was a meeting with the President, the
 25 breakfast the President was having with Godfrey Sperling

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1 that you were briefing him beforehand for. And these
2 points on your notes say "discuss Sperling breakfast,
3 private aid to contras."

4 Let me show you --

5 A I'm not quite sure. I think what this means
6 is that Bud had a Sperling breakfast.

7 Q Let me help you out here, Admiral. I'll hand
8 you, Admiral, a copy of your appointments calendar for
9 that time frame. I've only got one copy. But you will
10 note on it that you have a notation "President, Godfrey
11 Sperling breakfast at the residence", and beforehand,
12 from 8:30 to 9:00 the "Presidential briefing for
13 Sperling" -- there is a misspelling, but "Sperling
14 breakfast, residence library".

15 Now looking at the notes that are now Exhibit
16 31 and comparing it to the appointment schedule, it would
17 appear that you are making a note reference there to a
18 briefing that was given by you --

19 A No.

20 Q Or by Bud McFarlane.

21 A By Bud.

22 Q To the President in anticipation of a
23 breakfast the President was to have that morning.

24 MR. BECKLER: Let's try to make this clear.
25 The notes in this Exhibit 31, these are notes that you

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1 took during the course of the meeting with the President?

2 THE WITNESS: That would be my guess.

3 MR. BECKLER: Bud was doing the talking and
4 you were jotting down notes about what he was saying; is
5 that correct?

6 THE WITNESS: That's correct.

7 BY MR. LEON: (Resuming)

8 Q Does it jog your recollection?

9 A Because the way -- although I can't tell
10 because of the way this is copied, I would assume because
11 of the indentations that what Bud covered there was what
12 he was recommending the President say at the Sperling
13 breakfast if he was asked. That would be my assumption.

14 Q Did either you or Bud attend that breakfast?

15 A I most probably did not. Bud probably did.

16 There's another peculiar thing here. There is
17 a time disconnect. That schedule shows the breakfast
18 from 9:00 to 10:00 and my note says 9:30. I can't
19 explain that.

20 Q Do you recall that the breakfast did take
21 place?

22 A I don't recall the breakfast. I'm certain it
23 did.

24 Q And do you know why the President was meeting
25 with Godfrey Sperling?

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1 A Yeah. Godfrey Sperling is a journalist. I
2 believe he's on the staff of the Christian Science
3 Monitor, and he has a tradition of having a breakfast. I
4 think they have it once a week in which he invites a
5 bunch of other journalists. It's got a pretty good
6 reputation in that there are thoughtful journalists
7 attending it. And I guess at that time, in March of '85,
8 Pat Buchanan, whoever was the communications officer -- I
9 guess it would have been Pat -- had no doubt convinced,
10 had recommended and the President agreed, to have --
11 invite Sperling to have his breakfast over in the
12 residence.

13 I recall attending one of those, but as
14 National Security Advisor in 1986 with the President, so
15 it was not a particularly unusual event. It didn't
16 happen very often, though.

17 Q Now this was in March of '85 and [REDACTED]
18 visit had been a month before that, in February of '85.

19 A If you say so. I can't remember.

20 MR. LIMAN: Yes.

21 BY MR. LEON: (Resuming)

22 Q And I believe Mr. McFarlane's testimony was
23 that it was at some point in that area of time, in the
24 spring of '85, that he presented the card to the
25 President indicating the new gift, the renewed gifts.

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1 MR. LIMAN: No. He said, as I recall it, that
 2 he presented, I think, the first [REDACTED] the first [REDACTED]
 3 thing in '84.

4 BY MR. LEON: (Resuming)

5 Q This would have been the renewed. It was upon
 6 the occasion of [REDACTED] visit. *the King's*

7 MR. LIMAN: Which would have been early
 8 February.

9 BY MR. LEON: (Resuming)

10 Q That there was, or shortly thereafter there
 11 was a renewed gift with another amount. What I'm trying
 12 to see if I can help you recall is do you know whether or
 13 not at the time this breakfast took place the President
 14 had been made aware that [REDACTED] had decided to renew
 15 his gift in a larger amount?

16 A I don't know, other than what I've read or
 17 seen during my preparations. Apparently the President
 18 recalls [REDACTED] discussing it with him at his
 19 breakfast.

20 BY MR. LIMAN: (Resuming)

21 Q Did you know that at the time?

22 A I didn't recall that.

23 Q Did the President ever tell you that when he
 24 finished the breakfast that [REDACTED] had made this offer?

25 A He may have, but I just simply don't recall

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1 it. Again, I know this is a big issue for you all.

2 MR. BECKLER: Don't worry about it. Just
3 answer the questions.

4 BY MR. LEON: (Resuming)

5 Q I guess what I'm getting at here was Bud
6 McFarlane suggesting to the President that if the issue
7 came up the President should tell the reporter Sperling
8 that third country assistance was something that was part
9 of the President's hoped-for plan to aid the contras?

10 A It seems unusual, doesn't it?

11 Q Let me get an answer to that question and
12 then, Arthur, you can ask him whatever you want.

13 A I don't remember this meeting. These are
14 obviously my notes. Again, my notes were not intended as
15 a kind of record. They were short-term reminders, so I
16 can't be sure what context it was covering.

17 BY MR. LIMAN: (Resuming)

18 Q Actually I think I can show you other
19 documents that show that this was a legislative package,
20 legislative options that were being presented at that
21 time. There are documents in our record now. And as you
22 know if you look at this, that Congress passed a
23 provision that authorized the State Department to seek
24 third country assistance for humanitarian purposes, non-
25 lethal aid, intelligence restrictions were reduced, and

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1 there was non-lethal aid appropriated to the extent of
2 \$27 million.

3 So much of what is described there ultimately
4 was adopted within the next nine months.

5 BY MR. LEON: (Resuming)

6 Q My question, Admiral, is because the calendar
7 indicates that the breakfast was scheduled from 9:00 to
8 10:00 and because your notes indicate that you made the
9 notes at 9:30. Could this have been your notes after the
10 breakfast had taken place in which you are noting down
11 what had been discussed during the breakfast between the
12 President and the reporters?

13 A That's possible.

14 MR. BECKLER: How would you know from that
15 information?

16 THE WITNESS: May I see the schedule again,
17 please?

18 BY MR. LEON: (Resuming)

19 Q Yes, of course. The breakfast is scheduled
20 from 9:00 to 10:00 that morning, but it might have broken
21 up early at 9:30.

22 A Yes. You see, I think that the way you have
23 described it is fairly accurate because the national
24 security briefing was held after the Sperling breakfast
25 that morning and the mistake that I made is I wrote,

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1 because the routine time was 9:30, I just didn't
2 recognize that we were running at 10:30, an hour behind.

3 So this is probably a discussion with the
4 President after the Sperling breakfast.

5 Q About things that came up during the
6 breakfast, if you recall?

7 A I simply don't recall. What would conceivably
8 point to that direction is the way it's indented under
9 the one topic discussed, Sperling breakfast, but I can't
10 be sure.

11 BY MR. LIMAN: (Resuming)

12 Q Admiral Poindexter, before we break for lunch
13 I'd like to go over just two other documents. I'll mark
14 as the next exhibit a May 15, 1986, memorandum by you for
15 a meeting with the NSPG.

16 (The document referred to was
17 marked Poindexter Exhibit
18 Number 32 for identification.)

19 Would you look at this and tell me whether or
20 not you wrote this document?

21 (Pause.)

22 MR. BECKLER: Just to clarify the record, I
23 think you said it was a memo from Poindexter, but we
24 ought to note it was prepared by --

25 MR. LIMAN: It says it was prepared by --

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1 MR. BECKLER: Prepared by North and Burghardt.
2 BY MR. LIMAN: (Resuming)
3 Q This is a memorandum you sent to the
4 President; am I correct?
5 A That's correct.
6 Q And when you sent something to the President
7 others on your staff may prepare it, correct?
8 A That's correct.
9 Q But you're not shy about making any changes if
10 it's appropriate?
11 A That's correct. It's my memo, but I didn't
12 prepare the draft.
13 Q On that subject, you found that Oliver North
14 was a good draftsman?
15 A Very good.
16 Q Now in this memorandum, right at the
17 beginning, you describe the resistance itself as
18 increasingly desperate as available supplies are
19 depleted.
20 A Um-hum.
21 Q Is that a fair description of what you
22 understood the circumstances of the resistance were by
23 May of 1986?
24 A It is a fair description.
25 Q And apart from this written communication to

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1 the President had you briefed him on the fact of your
2 concerns that the resistance was running out of supplies?

3 A I may have, but I simply don't recall it.

4 Q Would it have been your practice, sir, given
5 the condition in which you found the resistance to have
6 brought that to the attention of the President?

7 A Yes. And, you know, I very likely did. But
8 again I don't have a recollection of a specific, and I
9 want to be very careful here, you know. There's a lot at
10 stake.

11 Q You do not want to attribute -- when you say
12 there's a lot at stake, you do not want to attribute
13 knowledge to the President unless you are certain of it?

14 A That is correct.

15 MR. BECKLER: Just to clarify for the record,
16 I'm sorry -- how do we know this memo went to the
17 President? I mean, I'm just not familiar with the format
18 here. It's a memo for the National Security Planning
19 Group, the NSPG. Now do we assume that the President was
20 there or saw this?

21 MR. LIMAN: I'm going to show him the minutes.

22 BY MR. LIMAN: (Resuming)

23 Q You remember that the President was at this
24 meeting and took a lively role, do you not, Admiral?

25 A I have a vague recollection of the meeting.

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1 MR. LEON: Do you know if the President ever
2 got the memo?

3 THE WITNESS: I would be surprised if he
4 didn't.

5 BY MR. LIMAN: (Resuming)

6 Q Let's clarify some things about the President.
7 I mean, the Tower report portrayed him as if he only read
8 comic books, and that's not your observation of this
9 President, is it?

10 A Oh, not at all. The President would read
11 everything that we provided him. In fact, we had to be
12 careful. I felt that we had to be careful not to
13 overburden him with large documents because he would try
14 to read the whole thing.

15 Q Now as I look at this memorandum prepared by
16 North and sent to the President you presented various
17 options for trying to provide some relief to the
18 resistance, if you look at page two, right?

19 A Right.

20 Q And you described it as, given the urgency of
21 the situation; correct?

22 A That's correct.

23 Q And one was a reprogramming which would
24 require Congressional approval, correct?

25 A Correct.

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1 Q Another was a Presidential appeal for private
2 donations.

3 A Correct.

4 Q And then a third was for the President himself
5 to make an overture to certain heads of state to provide
6 bridge financing, correct?

7 A Correct.

8 Q And there you discussed in the memorandum the
9 liabilities of the last step, right?

10 A That's correct.

11 Q And they were that the public exposure would
12 exacerbate the current partisan atmosphere; correct?

13 A Correct.

14 Q And what did you mean by that?

15 A Just what I have said before, that our
16 opponents on the Hill would not like it and that they
17 would try to take some steps to preclude it from
18 happening.

19 Q And the second was that the foreign
20 contributors would ultimately expect that their largess
21 would result in some kind of U.S. Government concession
22 in their favor, and that you've discussed before, that
23 when you ask people for money they may expect that when
24 they come around to ask for something that you'll have to
25 reciprocate, right?

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1 A That's generally true.

2 Q You talked about [REDACTED]

3

4 A That's right. But Israel falls in a different
5 category than [REDACTED] cooperation
6 with us on this project [REDACTED] falls in an
7 entirely different category.

8 Q In that [REDACTED] --

9 A They don't need the money.

10 Q They don't need money and they don't need
11 weapons and they don't need U.S. Government support?

12 A No. The difference is that they don't need
13 U.S. financial assistance, whereas the Israelis do, and
14 it was my assessment that the reasons that [REDACTED]
15 helped was an entirely different reason.

16 Q Well, putting aside what their motives were in
17 helping, did McFarlane ever tell you that in 1983 Oliver
18 North had asked him to go back to [REDACTED] for more
19 money?

20 A I said that before.

21 Q And McFarlane didn't want to go back to them
22 for more money; correct?

23 A That's correct. I think that the reason for
24 that, though, was slightly different than maybe you are
25 imagining.

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1 Q Well, I'm not imagining it. I know what
2 McFarlane said. But did you have a discussion with him
3 on why he didn't want to go back to [REDACTED] for more
4 money?

5 A I vaguely have a recollection of that.

6 Q What is the vague recollection?

7 A The vague recollection was that when the issue
8 of [REDACTED] contributing to the support of the
9 democratic resistance first arose at some point -- and
10 again I'm fuzzy on the time frame -- my recollection is
11 that Mr. McFarlane asked Colonel North to prepare an
12 estimate as to how much money he thought it would take
13 for the democratic resistance to get into a commanding
14 position in about a year.

15 And my recollection is that Colonel North
16 responded that it would take about \$25 million. Now that
17 was way underestimated, in hindsight, and my recollection
18 is that when Mr. McFarlane had the discussions with the
19 [REDACTED] and again I was not a participant in
20 this -- but my understanding of the conversation was when
21 they got around to talking about amounts of money that
22 Mr. McFarlane had indicated to [REDACTED] that we
23 thought it would take about \$25 million.

24 And my impression of his reluctance to go back
25 to [REDACTED] was related to the fact that he didn't want

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1 to go back and indicate that we had way underestimated
2 what it was going to take.

3 Q Can you think, Admiral, about any situation in
4 your experience where the United States Government didn't
5 incur some overrun?

6 A Yes. The Navy's been doing a pretty good job
7 of building ships recently.

8 Q Well, it's not exactly the ultimate --

9 MR. BECKLER: I ate breakfast at 5:30 in the
10 morning.

11 MR. LIMAN: I want to show him the minutes of
12 the meeting and then that's the last subject before
13 lunch.

14 (The document referred to was
15 marked Poindexter Exhibit
16 Number 33 for identification.)

17 MR. LIMAN: What I'll do is rather than have
18 you read all of this before lunch, why don't you come
19 back five minutes early and read it?

20 MR. BECKLER: Sounds good.

21 (Whereupon, at 12:45 p.m., the taking of the
22 instant deposition recessed, to reconvene at 1:45 p.m.,
23 the same day.)

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AFTERNOON SESSION

(2:09 p.m.)

Whereupon,

JOHN M. POINDEXTER,

the witness herein, having been previously duly sworn,
was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q You recall this meeting, I take it?

A I have a vague recollection of it.

Q And even if you don't remember the words of
Director Casey where he says that the ammunition will
soon run out and so on, you do remember the tone of
desperation in terms of the contras; am I correct?

A Yes. As I've testified before, my impression
was at that time in 1986 we knew the contras were going
to be in difficulty before we were going to be able to
get the \$100 million.

Q And then you and the others reviewed the
various options for bridge financing; am I correct?

A That's correct.

Q And if you look at the bottom of page nine, it
is Secretary Shultz who, in reference to reprogramming,
says that "the suggestion is to go to the Committees and
persuade them to reprogram some money from defense for

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1 non-military aid to the contras. Personally, I think
2 it's breathtaking in improbability. It would be better
3 to go to other countries."

4 Do you remember him in substance saying that
5 you were not going to get reprogramming?

6 A I don't remember hearing him say that, but
7 that is consistent with my understanding of what his view
8 was.

9 Q And in the end, if you look at your summary,
10 you say that "George will prepare for the President a
11 list of countries which could be approached." That's the
12 sentence I'm focusing on.

13 A Right.

14 Q Now was such a list approached?

15 A I don't recall. My recollection, which I
16 think I covered on the second of May, was that I have a
17 vague recollection of Secretary Shultz discussing
18 verbally with the President the question of third country
19 support in one of his weekly meetings, which would be the
20 three of us -- the President, Secretary Shultz and me.

21 Q In the end you testified that you considered a
22 group of countries that you mentioned at the last session
23 and that ultimately Brunei was selected; correct?

24 A Yes. Brunei was -- I can't recall that that
25 was a Presidential decision.

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1 Q Well, that's the question I was going to put.
2 Was it a Presidential decision?

3 A I don't believe so. That would have been, you
4 know, a tactical matter that really was in Secretary
5 Shultz' bailiwick to decide at that point, and I agreed
6 with Brunei. So once a decision was made to go ahead to
7 third countries I would only have reraised it with the
8 President if I had disagreed with it.

9 Q Was the President ever told while you were
10 National Security Advisor that Brunei had been approached
11 and had agreed to contribute?

12 A I don't recall that.

13 Q When you say you don't recall that, does that
14 mean you don't recall whether he was told or that, to the
15 best of your recollection, he was not told?

16 A I was aware that Secretary Shultz was going to
17 approach Brunei and I thought it was going to happen on
18 his trip to Southeast Asia, which was the original plan.
19 I don't recall ever knowing myself that Brunei had agreed
20 and had contributed, so I'm almost certain the President
21 -- that I did not tell him, because I don't recall being
22 aware of that, and possibly not even until after I left
23 the White House.

24 Q Let me ask you something about an exhibit you
25 produced last time, which was this memo which was marked

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1 as Exhibit 8, which was from you to Mr. McFarlane, and I
2 direct your attention to the page which has the Bates
3 mark 00048, and it says: Central America.

4 MR. BECKLER: Do you have another copy of it?

5 MR. LIMAN: Yes. I can read it. It's only
6 one sentence.

7 BY MR. LIMAN: (Resuming)

8 Q



10
11
12
13
14 Q I take it that this was a personal memorandum
15 to Bud?

16 A That's correct.

17 Q And it was not one that you shared with the
18 President of the United States?

19 A That's correct.

20 Q Or with anyone else?

21 A That's correct.

22 Q Now last time, to start finishing up on the
23 contra aspect for the moment, last time you described
24 Oliver North's role in the support of the contras during
25 the Boland period. Do you remember giving a description?

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1 A Vaguely. I'd have to go back and reread it
2 again.

3 MR. BECKLER: Do we have a copy of the
4 testimony here?

5 MR. LIMAN: Don't you have one here?

6 MR. BECKLER: No. We gave it back. Who was
7 the fellow who came and got it? Maybe we ought to get it
8 to take a look at it.

9 MR. LIMAN: You can look at mine.

10 BY MR. LIMAN: (Resuming)

11 Q But you described him at page 60 where you
12 said that the contras didn't have any sort of logistics
13 organization of their own and Colonel North had to figure
14 out a way to privately arrange a logistics organization.
15 And a little further on you described him essentially as
16 the switching point that made the whole system work.

17 Do you recall that?

18 A Yes, I recall that.

19 MR. LEON: What page is that, Arthur?

20 MR. LIMAN: That's page 60 and 63.

21 BY MR. LIMAN: (Resuming)

22 Q Did you ever describe to the President of the
23 United States what Colonel North was actually doing?

24 A I don't recall discussing that with him at any
25 level of detail.

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1 Q Or were you present when Colonel North's role
2 was described?

3 A I don't recall that.

4 Q You said that he was the action officer on
5 Central America and that was something which the
6 President had been told, I assume, or knew.

7 A Yes. The President knew that Colonel North
8 was the action officer on Central America.

9 Q But did he know, so far as you can say, that
10 North was filling this vacuum that had been left by the
11 CIA dropping out?

12 A Well, I don't think -- you see, in the
13 President's mind he wouldn't know the details of what CIA
14 was doing, what Defense was doing, what State was doing,
15 and what we were doing. He knew the job was getting
16 done. The exact way we were getting it done was
17 something that would not have been particularly relevant
18 to him.

19 Q Is it fair to say that because of the
20 Congressional restrictions that the NSC ended up with an
21 operational role that was not normally the role of the
22 NSC? Is that fair?

23 A Well, I think it's a mistake to say that the
24 NSC doesn't have an operational role. It is not an
25 organization that sits in an ivory tower and thinks grand

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1 thoughts. I don't think it's ever been that way, not in
2 this Administration or in any Administration, and their
3 operational involvement is always a function of the
4 circumstances.

5 From an operational standpoint, I think it
6 would be fair to say that on Central America we were more
7 operational than in other areas, but that was not the
8 only operational area we were involved with. We were
9 heavily involved in Libya.

10 Q Were you more operational than you had been
11 when the CIA was free to handle the contras?

12 A I think that would be fair to say.

13 Q Did you or anyone in your presence describe to
14 the President of the United States that the NSC had
15 picked up some of the CIA's responsibilities?

16 A Again, I just can't recall a specific
17 incident. No doubt Mr. McFarlane in 1984 or '85 did
18 cover that at some point, but I simply can't recall it.

19 Q You can't recall it. What I'm getting at is
20 did anyone sit around the table with him when you were
21 there and say, look, we have a problem. The CIA has been
22 handling the supplying of the contras. They supply them
23 with munitions. They give them training. They give them
24 direction. Now under Boland they can't do any of that
25 and we at the NSC are going to have to pick up that task.

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1 Did someone say anything like that in
2 substance in your presence to the President?

3 A As I have said, I can't recall it. I think
4 it's important to add, though, that I don't think that
5 it's accurate to say that we picked up all.

6 Q I didn't say all.

7 A Because clearly we couldn't have as many
8 people in country, obviously.

9 Q You did pick up some of what they were doing.

10 A Some. And primarily, frankly, the part that
11 we picked up was the direct contact with the contra
12 leadership. By and large, I mean, if you look at the
13 while scheme of things, that was the biggest aspect.

14 Q Well, let's talk about some of these other
15 things and let me see what you knew about it. There was
16 testimony by General Secord of a meeting in July 1985
17 with North and Calero, after which General Secord said he
18 was asked by North to take over the logistics operation
19 for the contras. Did North ever tell you that?

20 A He did at some point. I can't place the time
21 frame. But I realized, based on reports from Colonel
22 North, that he was a little concerned about the way the
23 contras were handling funds and the wisdom of some of
24 their decisions.

25 Q Did he mention any?

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1 A I can't recall anything specific. The thing,
2 I guess, that stands out the biggest was that there was
3 still a lot of internal disagreement with the contra
4 leadership amongst themselves and Colonel North worked
5 very hard to bring them around to a consolidated
6 viewpoint.

7 Q Did he tell you that as a result of his
8 concern about how the contras were husbanding their money
9 that he had asked Secord to step in?

10 A As I said, at some point -- and I assume it
11 was '85 but I can't really place it in a time frame
12 connected with any other event -- I was aware that Dick
13 Secord was going to essentially set up and run a private
14 logistics organization.

15 Q And did you realize that money that was being
16 raised for the contras by North or with his assistance
17 would then be channeled to Secord's organization?

18 A I don't think I really understood that. It
19 would not have been surprising or inconsistent, but, you
20 know, trying to recall that time period I don't think
21 that was absolutely clear.

22 Q For example, Admiral, you testified last time
23 that --

24 A See, I never really got involved much in the
25 details of the financing or how the money was moving.

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1 Q Well, you testified last time that when the
2 Secretary of State was to approach Brunei Abrams had a
3 discussion with you as to how the money should be
4 channeled.

5 A That's my recollection.

6 Q And you told him to speak to North?

7 A That's my recollection.

8 Q Did you have an understanding as to whether
9 North was going to have them send the money to Calero or
10 to this private network headed by Secord?

11 A I don't think I really made that kind of
12 distinction.

13 Q Did you ever tell the President of the United
14 States that Secord, at the request of North, had
15 undertaken this logistics operation for the contras?

16 A As I think I testified on the second of May, I
17 can recall at one point a specific conversation with the
18 President in which I told him that Dick Secord was a
19 great patriot and had been very helpful. I can't recall
20 whether when I said that that it was in both the context
21 of contra support and Iran or whether it was just Iran.

22 But again that would have been a level of
23 detail that I really wouldn't have bothered the President
24 with.

25 Q But there had to be some context to even that

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1 remark to the President. I mean, you wouldn't just say
2 to the President X is a patriot.

3 A But, see, what I can't remember, Mr. Liman, is
4 whether that was in the context of briefing him on
5 contras or on Iran. I just don't remember.

6 Q You just don't recall.

7 You testified last time about what the term
8 Project Democracy meant to you as used by Colonel North,
9 correct?

10 A Correct.

11 Q Did you ever use that term with the President
12 of the United States?

13 A No, because it wasn't my term. When I would
14 read reports from Colonel North that referenced that I
15 always translated it into the private network.

16 Q Did you ever brief the President on the
17 private network?

18 A Not specifically, other than just the general
19 subject of private support and third country support.
20 But I would not have characterized it, probably, as a
21 network.

22 Q And when you briefed him on private support
23 and third country support is there anything that you
24 recall other than what you've testified on that subject?

25 A The only way -- I mean, I can't recall again

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1 specific conversations, but my general approach would
2 have been to talk to him at the level of detail of saying
3 that there was private support and third country support
4 and, you know, conceivably at some point in '86 I may
5 have told him that, you know, the support was running out
6 and clearly we discussed it in that NSPG meeting.

7 But I just simply wouldn't have gotten into
8 that level of detail with him

9 Q But as I understand it, when you say you
10 wouldn't have gotten into that level of detail you have
11 no recollection of ever saying to the President, when you
12 talked about third country support or private support,
13 the name of any country that was giving support?

14 A That's correct.

15 Q And did you ever tell the President that any
16 of this support was solicited by a member of the
17 government as opposed to just being volunteered?

18 A No, because, again going back to the
19 beginning, on [REDACTED] support, which was the first
20 support, I was told by Mr. McFarlane that he had informed
21 the President about that, so I was always operating under
22 the assumption the President was aware of that and I
23 don't --

24 Q We don't have to repeat that testimony unless
25 you have something additional.

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1 A I lost my train of thought.

2 Q I could tell you what you were saying. I
3 asked you whether getting into that level of detail meant
4 that you had ever told him the name of a country and you
5 said that Mr. McFarlane told you that he had told the
6 President about that first [REDACTED] contribution and
7 therefore you operated on the assumption that the
8 President knew. That's what I thought you were saying.

9 A That's correct.

10 Q If it comes to you, would you make sure to
11 stop me?

12 A I'll come back.

13 MR. LEON: In that vein, Arthur, could I ask
14 one question?

15 BY MR. LEON: (Resuming)

16 Q Admiral, one question in that regard. Did you
17 have any knowledge of any U.S. Government official
18 soliciting funds?

19 A Thank you.

20 Q Soliciting funds for the contras other than
21 what you've testified to about Robert McFarlane going to
22 a third country? Other than that do you have any
23 knowledge of any U.S. Government official, Oliver North
24 specifically, as well as others?

25 BY MR. LIMAN: (Resuming)
[REDACTED]

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1 Q And other than what happened in 1986 with
2 Brunei?

3 A I do not, and that was the point I was going
4 to make a moment ago, was that it would not be fair to
5 indicate that I knew that anybody solicited money. In
6 fact, even in [REDACTED] business I'm not sure how the
7 conversation went.

8 Q Admiral, I don't want to get into having you
9 characterize a conversation that you weren't at, with
10 that's what you don't want to do.

11 A That's what I don't want to do.

12 Q You've already testified to your understanding
13 of the way in which the private fundraising took place,
14 where North would talk about the needs of the contras and
15 then would leave the platform and they would go across
16 the street to see Channell, and there was some care taken
17 that North would not do something that might be overt
18 solicitation. Is that fair?

19 A That's correct.

20 Q And why was that, if it was perfectly okay to
21 solicit money?

22 A May I?

23 (Pause.) --

24 The point that I want to make here is that my
25 understanding of Mr. McFarlane's concerns about:

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1 solicitation are not related to the Boland Amendment but
2 they are related to other legislation that puts
3 restrictions on government officials soliciting. Now I
4 don't know exactly what that law is, but that was always
5 my understanding about why he was so sensitive about
6 Ollie not soliciting.

7 There is other legislation, and my attorneys
8 have --

9 MR. BECKLER: We're not going to take the
10 stand.

11 BY MR. LIMAN: (Resuming)

12 Q I don't want to get into that. But were you
13 aware, Admiral, that the CIA had taken the position that
14 under the Boland Amendment they were not going to permit
15 any of their officials to do solicitation of money?

16 A I was aware of that.

17 Q And whether or not a court will ultimately
18 conclude that it does or doesn't ban solicitation, you
19 were aware that there was a concern that Congress might
20 feel that this was an end run around the law? That would
21 be fair, wouldn't it?

22 A The way I would prefer to describe my concern
23 was that if Congress was aware that countries had
24 contributed, whether we solicited or didn't solicit, that
25 they would then take it out on those countries in the

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1 foreign assistance appropriation.

2 Q Well, was there some concern on your part also
3 that if Congress learned that the Administration felt
4 free to solicit that it might draw even more restrictive
5 legislation?

6 A That was a possibility. The other possibility
7 was that it might lessen the pressure on the whole system
8 for us to get back into the funding operation, which to
9 me was important, that we ought to be back in there.

10 Q Now, Admiral, did North ever tell you that he
11 had discussions with Ambassador Tambs before Tambs took
12 up his post in Costa Rica?

13 A I can't recall specifically that he told me
14 that. I probably, you know, was aware in general. It
15 was pretty much routine for new Ambassadors going out to
16 most areas of the world would pay a call on the
17 responsible officer on the NSC staff, and that's not just
18 true with Central America but it's true in other places
19 in the world.

20 Q Did you know Tambs?

21 A Yes. Ambassador Tambs, as he testified, was
22 on the NSC staff for a period of time before he was
23 confirmed.

24 Q Did North ever tell you that he had asked
25 Ambassador Tambs to open up a southern front in

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1 Nicaragua?

2 A By my recollection that's a little too
3 explicit. I knew that Ambassador Tambe was working in
4 order to make the southern front more viable, [REDACTED]

5 [REDACTED]
6 [REDACTED] But I don't
7 think I ever put it in my mind or heard it described
8 before these hearings in the terms of opening a southern
9 front. I'm not saying that's not inconsistent, but I
10 just didn't hear it in those terms.

11 Q How did you hear that? From whom?

12 A Well, for example, as I recall we discussed
13 that briefly when I was down in San Jose in December of
14 '85.

15 Q Did you ever discuss it with North other than
16 during your trip to Central America?

17 A I may have. I don't have a recollection.

18 Q Did you know that North had given out these
19 KL-43s to a whole group of people operating in Central
20 America?

21 A I knew that after the fact.

22 Q What does "after the fact" mean?

23 A After they had been distributed. I had no
24 problem with it. In fact, as I testified on the second
25 of May, we were concerned [REDACTED]

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1 [REDACTED]
2 Q Well, when you look at the whole picture of
3 what North was doing I don't know whether you heard
4 Owen's testimony, but Owen is a friend of North, no
5 reason for him to embroider. Second gave testimony.
6 He's also a friend of North, and he testified about what
7 North was doing in the way of directing or supervising or
8 guiding this operation.

9 Is there anything that you've heard in the
10 testimony that we've taken up to now that North was doing
11 in terms of the contras that surprised you? Well, I'll
12 make it even easier. Start with shocking you.

13 MR. BECKLER: Can I answer that?

14 MR. LIMAN: I'd like him to answer that
15 because there are others in the Administration, including
16 the President, who say I didn't know that he was doing
17 this, and I want to know whether the Admiral was
18 surprised by anything he's heard.

19 MR. BECKLER: First of all, I'd like to object
20 on relevant to that. The Admiral's -- after the public
21 hearings -- attitude about what he heard, about how he
22 feels about it now is totally irrelevant to any
23 legitimate inquiry the Senate is involved.

24 MR. LIMAN: I can take him through every fact
25 that has been testified to about what North was doing and

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1 ask him did you know this.

2 MR. BECKLER: Well, do it, then. But to ask
3 him what he's shocked about --

4 BY MR. LINAN: (Resuming)

5 Q Admiral, did you know he was using a man by
6 the name of Owens as a courier?

7 A I knew that.

8 Q Did you approve of it?

9 A In essence I did.

10 Q Did you know that he was disbursing cash to
11 the contra leaders?

12 A It would depend on the time frame. As I've
13 testified on the second of May, I realized, he informed
14 me at one point that he had cash. I told him either in
15 that conversation or one shortly thereafter that I didn't
16 think that was a good idea, there were perception
17 problems involved with handling cash and that he should
18 make arrangements some other way.

19 So if it was during that time period I would
20 have known it.

21 Q Did you know that that cash that he had was
22 being used for contra leaders?

23 A I don't think I specifically knew that. My
24 understanding was it was being used for contra expenses
25 and to the extent that that was a contra expense then

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1 yes, I would have known that.

2 Q Did you know, as testified by General
3 Singlaub, that North actually approved weapons purchases
4 for the contras?

5 A I was aware that he was working with the
6 contra leadership and with Secord on what weapons they
7 needed. I'm not sure -- I would not characterize what I
8 knew about it as knowing he made the decision, but that--

9 Q Did you know the he was making decisions as to
10 where contributions should be sent for the contras?

11 A Well, in effect I knew that, and that's why
12 when Secretary Abrams called me I told him to talk to
13 Colonel North.

14 Q And did you authorize him to do the things
15 that I have just reviewed with you except for the keeping
16 of the cash?

17 A Again, depending on time frame, when I was
18 Deputy that would not have been my role to approve that
19 or disapprove it, because Mr. McFarlane was following
20 that more closely than I. I was aware of it. I agreed
21 with it. I didn't have any problem with it. And when I
22 became National Security Advisor I told Colonel North to
23 continue on course.

24 Q Did you know that he was engaged in making
25 efforts to find out where and how air drops could be made

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1 to contras within Nicaragua?

2 A I was aware that he had a role in that. I'm
3 not sure that he was the one that was making the
4 decisions, and I'm still not sure of that point.

5 Q Well, I didn't quite say that he was making
6 the decisions. Did you know that he was engaged in
7 coordinating that effort?

8 A As I testified on the second of May, my view
9 of his role was as a switching point in the whole process
10 of supporting the democratic resistance during the period
11 of the Boland Amendment.

12 Q Did you believe that the contras could have
13 survived without someone playing the role that North was
14 playing?

15 A I don't believe they could have.

16 Q Did you ever tell that to the President?

17 A That is a possibility, but I don't have a
18 specific recollection of it.

19 Q You know, you used a different word here.
20 Usually you say you don't have a recollection. This time
21 you said that's a possibility.

22 MR. BECKLER: You finally got a rise out of
23 him.

24 MR. LIMAN: There's something in the back of
25 this man's mind and I want to know it.

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1 THE WITNESS: I was very proud and pleased to
2 have an opportunity to work with Colonel North and I felt
3 very strongly about the statement I made that I didn't
4 think that the contras would have survived if it hadn't
5 been for Colonel North, and I very likely would have
6 passed that on to the President. But I don't recall a
7 specific incident of doing it.

8 BY MR. LIMAN: (Resuming)

9 Q You talked about the air field [REDACTED]
10 Did you know that North had had a role in that?

11 A Yes. I can't say that I knew all of the
12 details of it, but I knew that he and [REDACTED]
13 and Dick Secord and others had been involved in getting
14 that air field put in and did discuss that with the
15 President.

16 Q Did you know that he had arranged with Felix
17 Rodriguez to get help from the Central American country
18 where Felix was working?

19 A Yes. I would not put it, though, so much in
20 terms of Felix Rodriguez, but I was aware that Colonel
21 North had made some arrangements [REDACTED]
22 [REDACTED]

23 Q And when you say made arrangements, did you
24 know what kind of arrangements he made other than just
25 arrangements?

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1 A My recollection is that Colonel North had
2 direct contact with [REDACTED]

3 [REDACTED]
4 Q [REDACTED]
5 A [REDACTED] that frankly was contrary to what I
6 have heard in hearings up here. That I think was more
7 instrumental than anything that Mr. Rodriguez did.

8 Q How do you know that he had that contact with
9 [REDACTED]

10 A Because Colonel North told me that.

11 Q [REDACTED] didn't tell you?

12 A [REDACTED] didn't tell me, although I have
13 met [REDACTED]

14 Q [REDACTED] never said that it was North
15 who he was working with?

16 A No, not that I recall.

17 Q Did North ever, to your knowledge, promise any
18 of these neighbors of Nicaragua that if they helped the
19 contras the United States would find ways of giving them
20 assistance?

21 A I don't know of any specific incident like
22 that.

23 Q Was that a matter of --

24 A I think that, you know, my general view was
25 that it was in the interest of those countries [REDACTED]

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Q

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A

Of course

7

during my trip through Central America with

8

in all of those countries I

9

encouraged them to support the contras.

10

11

Q

12

13

A No, because --

14

MR. BECKLER: The answer is no.

15

THE WITNESS: Okay.

16

BY MR. LIMAN: (Resuming)

17

Q Now there's been testimony at the hearings

18

about the RIG. Are you familiar with the RIG on Central

19

America?

20

A Yes.

21

Q Would you tell us who were the members of the

22

RIG, as you understood it?

23

MR. BECKLER: What is a RIG?

24

MR. LIMAN: Restricted Interagency Group.

25

THE WITNESS: The RIG was established, by my

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1 recollection, anyway, sometime probably in '82, and I
2 think it was established by an NSDD.

3 Q Who were the -- I'm asking you not to tell me
4 what's in a written constitution but, as you understood
5 it, sitting there as National Security Advisor, who did
6 you consider to be the members of the RIG on Central
7 America.

8 A It, in my mind, consisted of the Assistant
9 Secretary of State for Latin American Affairs as the
10 Chairman, from the NSC staff usually Colonel North --
11 well, Colonel North and then usually also Ray Burghardt
12 or his predecessor, Constantine Menges, [REDACTED]
13 [REDACTED] and from the CIA it would have been the
14 Director of the Central American Task Force, and I would
15 not necessarily have limited it just to him. There were
16 probably other members of the CIA, some representative
17 from the Under Secretary of Defense's office. My
18 understanding is that was usually Nestor Sanchez. And
19 the Assistant to the Chairman of the JCS.

20 Q So did you have any understanding that within
21 this RIG there was a --

22 A No. *FILE*

23 Q Super-RIG of North [REDACTED] and Abrams?

24 A No.

25 (A brief recess was taken.)

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1 BY MR. LIMAN: (Resuming)

2 Q Let's talk about Iran. When did you first
3 learn that the United States was embarked on an
4 initiative with Iran?

5 A Well, it was sometime in the latter half of
6 '85. I became aware -- based on reports from Mr.
7 McFarlane to me I became aware of the Israeli proposal.
8 So to answer your question I don't remember precisely,
9 but it was sometime between July and November.

10 Q Was it before the President's operation or
11 after?

12 A I can't place it.

13 Q Was it before or after the Israelis shipped
14 the 508 TOWs?

15 A I think I became aware of it before that, so
16 that would place it sometime before the last of August, I
17 guess.

18 Q Did Mr. McFarlane tell you that the President
19 had approved it?

20 A I have a vague recollection of a telephone
21 call that Mr. McFarlane got from the President when the
22 President was at Camp David one weekend and Mr.
23 McFarlane, I believe, reported that conversation to me
24 and I think that's as best I can place it. :

25 Q What was the conversation about? ::

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1 A That the President agreed that the Israeli
2 proposal should be pursued. You see, my recollection of
3 it is very fuzzy, and my recollection was prompted by, I
4 think, something that Mr. McFarlane said in the hearings.
5 I do recall that the President was at Camp David one
6 weekend and Mr. McFarlane told me about a telephone call
7 that he had gotten from the President and that it was
8 related to the Israeli proposal. That's as best as I can
9 --

10 Q Admiral, you understood that the Israeli
11 proposal involved sending some TOWs?

12 A I'm not certain when I became aware of that.

13 Q When he told you that the Israeli President
14 had given some kind of green light to the Israeli
15 proposal, what was the proposal that he gave his
16 blessing?

17 A That's what I don't have a good recollection.

18 MR. BECKLER: Have you got memos?

19 BY MR. LIMAN: (Resuming)

20 Q I have something I could show you, but I don't
21 know whether you've seen it and we'll mark it as the next
22 exhibit, a July 13, 1985 document from the White House to
23 the Secretary of State's aircraft, and it's by Mr.
24 McFarlane.

25 (The document referred to was

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1 marked Poindexter Exhibit
2 Number 34 for identification.)

3 Just so that when you read it you'll know the
4 question you're going to be asked in the end, I'm not
5 going to be questioning you about the merits of the
6 contents. It's just whether you've seen this document
7 and does it refresh your recollection that they were
8 talking about 100 TOWs and hostages.

9 (Pause.)

10 A I don't think I've seen this before. I may
11 have, but it just doesn't ring any bells.

12 Q Does it refresh your recollection at all that
13 the proposal that was under consideration involved the
14 transfer of some TOWs by Israel and the expectation that
15 there would be some hostages released?

16 A The TOWs just don't stand out in my memory. I
17 clearly during this time frame knew the hostages were
18 involved, but I frankly just can't recall TOWs being
19 mentioned. And -- well, go ahead. All I was going to
20 say is that I don't believe it was until sometime, it may
21 even have been as late as the meeting with Nir on the
22 second of January, that I realized that we had a
23 commitment to sell the Israelis the 508 TOWs.

24 That's what makes me a little skeptical
25 exactly when I knew that TOWs were involved.

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1 Q Did you know in September of 1985 that the
2 Israelis had shipped TOWs?

3 A I think at some point after the hostage -- the
4 first one was Weir. After Weir was released I think my
5 recollection is that I was aware that TOWs had been
6 shipped.

7 Q Did Bud McFarlane tell you that there was a
8 linkage between the release of Weir and the Israeli
9 shipment of TOWs?

10 A Yes. I've got a vague recollection of that.

11 Q And is what you don't have a clear
12 recollection of that the United States had committed to
13 replenish those TOWs?

14 A That's correct. I don't think that that was
15 clear to me until sometime later and maybe even as late
16 as the January meeting with Nir.

17 Q You were not present at the briefing of the
18 President in the hospital?

19 A No.

20 Q Or the meeting in August of 1985 in the
21 residence at which this was discussed with the Secretary
22 of State and Secretary of Defense?

23 A That's correct.

24 Q Did McFarlane --

25 A Let me be careful here. What I missed was an

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1 NSPG meeting that was in August, the first week in
2 August. I'm not sure where that meeting was.

3 Q Well, there was a meeting in the residence as
4 the President was recuperating.

5 A Okay. I was not present for that.

6 Q Were you present at any meeting at that time
7 in which they were discussing Israeli shipment of TOWs?

8 A Probably during that time period that would
9 have been discussed at 9:30, but I don't have a
10 recollection of it.

11 Q The authorization of shipment of missiles to
12 Iran would have been contrary to United States policy at
13 that time, would it not have been?

14 A It would have been, on the face of it,
15 contrary to our stated objective, that's correct.

16 Q Did we have --

17 A I would like to get more into that at some
18 point.

19 Q Maybe we can go into it now. We did have a
20 program called Operation Staunch, didn't we?

21 A That's correct.

22 Q And that was a program that was designed to
23 discourage our allies from selling weapons to Iran; am I
24 correct?

25 A That's correct.


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1 Q And is it also fair to say that after a period
2 of very cold relations with Iraq that you were aware that
3 the State Department had been trying to develop some
4 relationship with Iraq?

5 A At this point let me -- the policy objective
6 here was to end the Iran-Iraq war with no winners and no
7 losers. We didn't want Iran to be the victor; on the
8 other hand, we didn't want Iraq to be the victor. Our
9 official position, public position, was one of
10 neutrality.

11 
12
13 The reason that we pushed our allies not to
14 ship arms had as its policy objective an end to the war.
15 The efforts to staunch the flow of arms was a method to
16 achieve an end, which was the policy objective.

17 Q Well, I understand that. But the shipment of
18 missiles to Iran was a deviation from this policy.

19 A From our stated position with regard to
20 shipment of arms to Iran, that's correct. It wasn't
21 necessarily inconsistent with our policy objective,
22 though.

23 Q It would not be inconsistent with our policy
24 objective if it would have the effect of shortening the
25 war as opposed to prolonging it, right?

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1 A It wouldn't be inconsistent if eventually it
2 brought an end to the war, not with Iran winning but, in
3 other words, our objective was to have some influence on
4 the Iranian government.

5 Q But we had up until then not authorized any
6 one of our allies to ship arms to Iran, correct?

7 A That is correct.

8 Q Can you explain to me why if you had been told
9 at that time that we were authorizing shipment of arms to
10 Iran it wouldn't have left some imprint on your memory?

11 A Well, I'm not sure I can answer that.

12 MR. BECKLER: He's testified that he
13 remembered that there were TOW missiles shipped. It
14 wasn't like he never remembered it. Your question is
15 when did he remember it.

16 BY MR. LIMAN: (Resuming)

17 Q The issue is whether he knew that we had --

18 A We had considered even before, as the record
19 indicates, before the Israelis came in with their
20 proposal, we had considered internally on the NSC staff
21 the wisdom of limited arms sales to Iran.

22 Q That was part of that NSDD process?

23 A That's correct.

24 Q Were you involved in that process?

25 A As a reviewer and recommender to Mr.,

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1 McFarlane. I didn't actually participate in the drafting
2 of it.

3 Q Were you aware of the reaction of the
4 Secretary of Defense and the Secretary of State?

5 A Generally.

6 Q And that they were opposed to shipping arms?

7 A Yes, for different reasons.

8 Q But they came out with the same bottom line?

9 A Yes.

10 Q What was your position as a recommender to
11 McFarlane?

12 A I can't recall. You mean whether I thought
13 the shipment of a limited amount of arms was appropriate?

14 Q Right.

15 A I was in favor of that.

16 Q Had you dealt with Graham Fuller on this at
17 the Agency?

18 A No, I didn't deal with him; the staff did.

19 Q So you just don't have a recollection of
20 whether you were told at that time, in the fall of 1985,
21 that we had committed to replenish the Israeli TOWs?

22 A As I have said all along, that time period of
23 July, August, September, October and November is very
24 fuzzy in my mind because I was not fully involved and
25 fully informed.

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1 MR. BECKLER: In that issue.

2 THE WITNESS: In that issue. And what I was
3 aware of I supported and usually, when I don't have the
4 direct responsibility for something, I just don't -- if I
5 agree with it and I assume that somebody is handling it
6 and is handling it properly, I just don't get heavily
7 involved in it.

8 BY MR. LIMAN: (Resuming)

9 Q Well, was the President briefed in your
10 presence prior to November 1985 on the fact that Weir
11 came out because Israel shipped arms?

12 A He probably was, but I don't have a
13 recollection.

14 Q Do you recall any discussion of what the next
15 step would be in the initiative after Weir came out?

16 A I don't recall that.

17 Q You do recall, because we went over it last
18 time, that when McFarlane went over to the summit in
19 Geneva you got pulled into that HAWK shipment?

20 A That's correct, from the standpoint that
21 Commander Thompson called me and said that Mr. McFarlane
22 had called Colonel North to ask him to work on an Israeli
23 aircraft problem.

24 Q And we looked over some PROF notes that you
25 received at that time. Were you told in November of '85

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1 before McFarlane went to Geneva that he had been visited
2 by Rabin?

3 A That Mr. McFarlane was visited by Rabin?

4 Q Yes, just before he left for Geneva.

5 A I don't remember that.

6 Q Do you recall --

7 A I could have been, but I just don't remember.

8 Q Do you recall that even before McFarlane went

9 to Geneva there was discussion about the fact that the
10 Israelis would be shipping some HAWKS to Iran and that we
11 would be getting hostage back?

12 A I can't recall that.

13 Q Do you recall speaking to either Colin Powell
14 or to the Secretary of Defense to task them to locate
15 HAWKS to replace the Israeli HAWKS?

16 A I remember at least one or maybe more
17 conversations with Colin Powell on that subject. I don't
18 remember the time frame.

19 Q What are the discussions that you remember
20 with Colin?

21 A Asking him about availability.

22 Q Availability of HAWKS?

23 A HAWKS. I think probably -- I can't recall.

24 Q Does the number 500 HAWKS stand out in your
25 mind?

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1 A No; it doesn't stand out. May have discussed
2 cost with him, although I frankly doubt it. It was more
3 availability and timing because I guess my concerns would
4 have been whether they had to be taken out of stock and
5 what impact that would have on military readiness and so
6 forth.

7 Q Who asked you to make these inquiries of
8 Powell?

9 A I can't recall. I assume it would be Mr.
10 McFarlane, but I frankly can't recall. I do recall
11 conversations with Powell.

12 Q Do you recall the conversations with Powell in
13 the context of supplying the HAWKS to Iran or to Israel
14 to replace shipments of HAWKS that they would be making
15 to Iran?

16 A I may not have explained to General Powell
17 exactly why I wanted to know the information. I don't
18 remember it.

19 Q But whether you explained it to him or not,
20 you understood what the purpose was?

21 A I understood that, oh, yes. But I'm not sure
22 I explained that to him.

23 Q Do you recall Powell expressing any objection
24 to you about sending HAWKS to Iran?

25 A He may very likely have.


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1 Q Why is that that he may very likely have,
2 Admiral?

3 A Well, Secretary Weinberger frankly wanted to
4

5  I don't want
6 to indicate that he didn't understand the strategic
7 significance of Iran. I think he clearly does, but he
8 had a pretty strong position in that respect, and so
9 General Powell almost always reflected the Secretary's
10 view very accurately.

11 Q Admiral, did Colin Powell get legalistic on
12 behalf of the Secretary in saying why you shouldn't ship
13 these?

14 A I can't recall that. He may have.

15 Q Did he talk about the Arms Export Control Act?

16 A It's possible, but I don't remember it.

17 Q Admiral, I want to ask you if at any time
18 between November of '85 until you left your position as
19 National Security Advisor did anyone say to you, you
20 know, this shipment that took place in November of '85 is
21 the one shipment that has created a problem for us under
22 the law?

23 A The only thing that I can recall -- let's see.
24 I'm trying to think.

25

(Pause)

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1 The person that said something like that --
2 and I can't recall the exact comment -- but Ed Meese said
3 something like that in a meeting, and I rather suspect it
4 was the meeting that I had with Ed Meese and Bill Casey
5 on Thursday, the 20th, as near as I can place it. I'm
6 sure that Ed was the one that made a point similar to
7 that, and I was just trying to place the occasion. I
8 think it was the meeting on the 20th.

9 MR. BECKLER: That's the 20th of November
10 1986?

11 THE WITNESS: Twentieth of November, 1986.

12 BY MR. LIMAN: (Resuming)

13 Q Do you remember anything more of what he said
14 on that subject?

15 A Well, the purpose of this meeting was to
16 discuss the briefing, the informal briefing, that I was
17 going to provide to the two intelligence committees in
18 the White House situation room on the following day, and
19 Director Casey was going to come up to the Hill and
20 testify before the two committees, and I had asked both
21 Bill Casey and Ed Meese -- Ed had offered to help earlier
22 in the month.

23 - And as we began to report to Congress Ed's
24 offer to help was mainly associated with the question of
25 the President's authority under the timely notice

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1 provision. So the discussion -- that meeting was set up
 2 to discuss the briefings and hearings the following day,
 3 and by that time we were aware that Mr. McFarlane's
 4 recollection of what happened in November was different
 5 from what Secretary Shultz recalled.

6 And that was a problem for us because none of
 7 the rest of us knew or could recall the origins of the
 8 November shipment, and the question hinged on whether the
 9 President had approved it before or after, and because we
 10 were uncertain of that fact in that meeting we agreed
 11 that the following day we would simply say that there had
 12 been a shipment in November of '85 by the Israelis but we
 13 were still looking into the details of it and we'd be
 14 back to the Committees after we had the details.

15 And sometime in that conversation Ed said that
 16 on both the September shipment of TOWs and the November
 17 shipment of HAWKS, that -- I don't want to put words in
 18 his mouth, but it was something along the line that it
 19 would make a difference whether the President approved it
 20 ahead of time or afterwards, or words to that effect.

21 Q Did Powell ever say to you during this period
 22 when you were talking to him about the HAWKS that you
 23 would have to give notice to Congress under the Arms
 24 Export Control Act?

25 A You're talking about what time frame now?

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1 Q Well, I believe your conversations with Powell
2 were in November of '85.

3 A I can't recall that. He may have said that
4 but I just don't recall it. At some later point, but I
5 think this was in '86, that issue came up again, and he
6 eventually sent me a memo, as I recall, that had been
7 sent to him by an Army logistics agency. And I'm a
8 little confused about my recollection of that and the
9 conversations in November.

10 Q If you look at Exhibit 1, which is the notes
11 that you produced last time, on November 25, 1985, you
12 have "hostages", and then "one to Tehran, 22", and then
13 an arrow pointing to two. What does that all mean?

14 A I don't know what that means. Obviously when
15 I was going through that earlier I tried to recall what
16 that means.

17 Q What do you use an arrow for?

18 (Pause.)

19 A My speculation is, and I can't be sure, is
20 that it probably means one shipment to Tehran on the 22nd
21 and you get out two hostages. That's probably what it
22 means, but I'm not certain of that. In fact, that just
23 occurred to me as I was looking at it.

24 Q And then the next thing just has a box with
25 "hostages", and that means it was discussed? :

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1 A Discussed some aspect of it -- no telling what
2 aspect, though.

3 Q And then following 12/2/85 you have a note
4 indicating like a checklist, I would call it, "get
5 debrief from Ollie". That's correct?

6 A Um-hum. I don't know what subject, though.

7 Q Were you aware that at that point North was in
8 contact with Secord and others on this hostage endeavor?

9 A I wouldn't call it the hostage endeavor. On
10 the Iranian project.

11 Q On the Iranian project. The Iranian project
12 had as an ingredient --

13 A A component.

14 Q Getting the hostages out.

15 A That's correct.

16 Q Now I will show you as an exhibit a memo of
17 December 4, 1985, and I'd like you to look at that.

18 (The document referred to was
19 marked Poindexter Exhibit
20 Number 35 for identification.)

21 Would you read this to yourself and we'll go
22 over it?

23 (Pause.)

24 Do you remember this message?

25 A I have a vague recollection of parts of it. I

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1 don't remember all of it, but I'm sure I saw it.

2 Q You knew by the time you received this message
3 who Copp was?

4 A Yes.

5 Q And if you look at the message do you remember
6 being told that the shipment of the 18 HAWK missiles went
7 awry because the Iranians were seeking a weapons system
8 that could stop the Soviet reconnaissance flights?

9 A I have a very strong memory of that point.

10 Q And do you recall that North communicated to
11 you a new proposal which consisted of the 50 I-HAWKS and
12 the 3,300 TOWs with sequential release of the hostages?

13 A Yes.

14 Q And do you recall that the President was
15 briefed on this plan initially on January 5, 1985?

16 MR. BECKLER: '86?

17 BY MR. LIMAN: (Resuming)

18 Q '85. I mean, December 5, 1985.

19 A I don't have a vivid memory of that. It is
20 possible. What's the date on this?

21 Q I'm basing this, I will tell you, frankly on
22 the President's own transcriptions of notes which he made
23 available to us.

24 A His diary?

25 Q Yes, sir. You have for that date Iran Finding

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1 in your diary, your notes, and we've gone over that.

2 A It was at about that time frame -- see, my
3 recollection of this is a little different from Mr.
4 McFarlane's in that I think that I discussed with the
5 President having the 7 December meeting, and very likely
6 if he recalls that I briefed him on this on the 5th,
7 that's probably the day we set up the meeting for the
8 7th.

9 Q He describes it as McFarlane describing the
10 plan. I will tell you that.

11 A That's strange.

12 Q But it may be a mistake on his part.

13 A See, Bud's resignation was announced on the
14 4th, and I didn't think that Bud went to any more 9:30s
15 after the 4th, but I may be wrong.

16 Q Well, he may be so used to seeing one National
17 Security Advisor --

18 A You see one, you've seen them all.

19 Q I don't think Kissinger would accept that.

20 (Laughter.)

21 But, in any event, it was to discuss this plan
22 that you had the meeting on December 7 at the White
23 House; am I correct?

24 A That's correct. The main purpose of that
25 meeting was to decide, for the President to decide

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1 whether Mr. McFarlane should go to London and meet with
2 the Iranian officials or Iranian contacts that the
3 Israelis had.

4 Q If you look at that PROF note that we've just
5 been examining North was recommending that you proceed
6 with the next step; am I correct?

7 A He was recommending that.

8 Q And he also said in this note that if we do
9 not at least make one more try at this point we stand a
10 good chance of condemning some or all to death, and he
11 had other references to the fact that he had gone so far
12 up to then that to call it off could lead to reprisals
13 against the hostages. I'll read one of them.

14 "We believe that if we stop the current effort
15 at this point and we do not at least proceed with a test
16 of the current relationship that we incur the greater
17 likelihood of reprisals against us for leading them on.
18 These reprisals could take the form of additional hostage
19 seizures, execution of some or all of those now held."

20 Do you recall that?

21 A I don't recall that in this specific memo but
22 I recall that that was generally Colonel North's view of
23 one of the dangers that we faced.

24 Q Now did it occur to you at that point that
25 what you were being told was that if we did not sell arms

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1 we were going to be in a position of causing the loss of
2 the lives of the hostages? That's what you were being
3 told, right?

4 A Yes, sir.

5 Q And in some sense that threat is one that has
6 to create a dilemma for a policymaker, doesn't it?

7 MR. BECKLER: Do you understand?

8 BY MR. LIMAN: (Resuming)

9 Q The dilemma being that once you start on this
10 kind of venture if you ever turn it off you are going to
11 condemn to death the very people you are trying to save.

12 A That's correct. But that doesn't mean you
13 can't turn it off.

14 Q Was there any discussion or consideration
15 about the fact that we had become hostage to the very
16 process at this point?

17 A Well, my thinking was a little bit different
18 than that. My main objective here was to get a strategic
19 opening into Iran. The hostages were important to me
20 just as a human being and they were also important to me
21 because they were important to the President.

22 Q They were important to your boss, the
23 Commander-in-Chief.

24 A Exactly. But I generally was always willing
25 to take a little harder line and there was a risk to

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1 the hostages every day that they were held hostage from
2 lots of reasons. I know this was Colonel North's view,
3 that if we stopped it -- I don't think I had that strong
4 a feeling that that would increase the danger that much
5 more. It was his view that it was.

6 Q Admiral Poindexter, when McFarlane returned
7 from London he came by and briefed the President and you,
8 didn't he?

9 A Yes. I invited him to come on, I think it
10 was, the 10th.

11 Q Monday or Tuesday?

12 A I think it was Tuesday.

13 Q And he had just returned from London.

14 A Right.

15 Q And McFarlane came with a very negative view
16 of Ghorbanifar; is that fair?

17 A He did.

18 Q And felt that he wasn't trustworthy?

19 A That's correct.

20 Q But did McFarlane also convey this view that
21 the Iranians and Israelis indicated that if the process
22 stopped the hostages might be killed?

23 A I don't recall Mr. McFarlane having made that
24 comment.

25 Q Communicating that comment. I'm not saying

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1 that it was something that he was using to advocate.

2 A No. I think to some extent he and I felt the
3 same. You know, he and I did not have as strong a
4 feeling about that as Colonel North did.

5 Q I say this because the President's notes
6 clearly indicate -- and I think the Tower report revealed
7 it -- that the President understood he was being told
8 that if he stopped he was endangering the lives of these
9 hostages.

10 A Because, you know, some people felt that way.
11 Colonel North would be one of those and there may very
12 well have been others that felt the same way. I'm sure
13 that issue was discussed with the President and he may
14 have felt that way about it. I'm just telling you I
15 didn't have as strong a feeling about it.

16 Q Then give us your explanation as to what kept
17 driving this initiative forward after Weinberger and
18 Shultz were opposed to it from day one, McFarlane
19 returned from London feeling that the intermediary wasn't
20 trustworthy. Where was the support coming from for this?

21 A Well, it was coming from me, from the
22 standpoint that I wanted to get channels in to the
23 Iranian government so we could find out what was going on
24 and try to influence events there and get the hostages
25 out. It came from the President, not so much from the

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1 standpoint that if we stopped it would increase the risk
2 to the hostages, but that there was a possibility of
3 getting the hostages out.

4 I mean, that was one of his major objectives,
5 was to bring the hostages home. The best description
6 that I have seen in my preparations was the Casey
7 memorandum of that, of Bud's debrief of his London trip
8 that's in the Tower Commission report. By my
9 recollection, that's a fairly accurate account of the
10 President's mood at that period of time.

11 Q And his mood was that he wanted to try?

12 A He wanted to try. And Mr. McFarlane didn't
13 disagree with that. It's just that he didn't think that
14 Ghorbanifar was the right channel to try and do it, and
15 we didn't have any misconceptions even before he went as
16 to the character of Ghorbanifar.

17 Q You had no reason or basis for disagreeing
18 with McFarlane's assessment that Ghorbanifar was the
19 wrong channel, correct?

20 A That is correct, and the efforts with
21 Ghorbanifar after that point were primarily oriented
22 toward opening up another channel. That's one of the
23 reasons that I thought it was important that Mr.
24 McFarlane go to Tehran.

25 Q Well, at the time we're talking about, which

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1 is December of 1985, the channel was through Ghorbanifar
2 [REDACTED] right?

3 A That's right.

4 Q And after --

5 A I'm not sure at what point we learned [REDACTED]
6 was the man.

7 Q I think he's even referred to in this
8 memorandum.

9 A You're right.

10 Q Now after McFarlane's trip to London were you
11 told that the CIA did a polygraph on Ghorbanifar?

12 A I was aware of that. I'm not sure. I rather
13 think I learned that before he went to London.

14 Q I think it was done afterward.

15 A I mean they gave him another one, but the
16 Agency had dealt with Ghorbanifar for a period of time.

17 Q And he was consistent in his failure of the
18 polygraph test.

19 A That is correct. So that's why I say we
20 weren't under any misconceptions as to Ghorbanifar's
21 character once we identified who he was.

22 Q Let me show you a couple of miscellaneous
23 documents and see if you can tell us what they are about.
24 One is a PROF note dated 11/26/85. It's from McFarlane.
25 The subject is Ledeen. It is not to you. I don't know

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1 if you can tell by the initials who it's to.

2 (The document referred to was
3 marked Poindexter Exhibit
4 Number 36 for identification.)

5 A It's to Wilma Hall.

6 Q It's to Wilma Hall.

7 A His secretary, and to Ollie.

8 Q And it says --

9 A And a copy to me.

10 Q A copy went to you. It says: Please tell
11 Mike -- and Mike means Michael Ledeen -- that I had no
12 opportunity to talk to press in Rome but will find a way.
13 On further travel, please pass Mike's message to John
14 Poindexter. I am inclined to think that we should bring
15 this operation into the NSC and take Mike out of it and
16 will await John's thoughts. No further communications to
17 Mike on this until I have thought it through.

18 Is this the Iran initiative or some other of
19 Ledeen's projects?

20 MR. BECKLER: If you know.

21 THE WITNESS: I don't know for certain, but I
22 suspect it's Iran.

23 BY MR. LINAN: (Resuming)

24 Q Do you remember any discussion with McFarlane
25 or North on Ledeen's role?

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1 A Yes, I do.

2 Q What do you remember about that?

3 A I was generally aware that -- well, Mr. Ledeen
4 was an NSC consultant because my impression was -- and I
5 guess I don't know it for a fact, but my impression was
6 that he was a consultant because Mr. McFarlane thought
7 highly of him. And I was aware that Mr. McFarlane had
8 him involved in the discussions with the Israelis on the
9 Iran project and my recollection is -- and one thing
10 about that cable you showed me earlier that Mr. McFarlane
11 sent to Secretary Shultz was that my recollection is that
12 Ledeen had some contact or connection with [REDACTED]

13 [REDACTED]
14 And the purpose of the letter that you brought
15 out earlier to [REDACTED] was really in fulfilling a request
16 from Mr. McFarlane to me that he wanted Mr. Ledeen to go
17 to Europe and talk to some officials. I frankly was
18 never completely comfortable with Mr. Ledeen.

19 Q Why?

20 A I frankly thought he talked too much and I
21 didn't think he was a particularly discrete emissary to
22 be using. And -- will all of this be made public?

23 Q We can use some discretion.

24 A Well, for example, [REDACTED] made a [REDACTED] *classified*

25 [REDACTED] *part*

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1 [REDACTED] 10/1/85
2 [REDACTED]
3 [REDACTED]
4 And so my discussions with Colonel North was to --

5 and when Colonel North and I became more involved in
6 November of '85 with this HAWK shipment we've been
7 talking about, we were both concerned, especially after
8 we found out that the Israelis had screwed up in the
9 shipment, that we were concerned with Ledeon not really
10 being very knowledgeable about what he was dealing with.

11 And at some point I believe I told Mr.
12 McFarlane -- and it was probably in response to this note
13 -- that I thought that we ought to drop Michael Ledeon
14 out of it. And, of course, shortly after this note Mr.
15 McFarlane decided to resign and I may not have told him
16 that because of the confusion of that time period.

17 Anyway, when I took over eventually we did
18 drop Mr. Ledeon out.

19 Q When do you date Ledeon's removal from the
20 whole Iran initiative?

21 A Well, certainly by the 5th of January when I
22 took over.

23 Q He was out?

24 A He was out.

25 MR. BECKLER: We're still sticking to our 4:30

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1 closing?

2 BY MR. LEON: (Resuming)

3 Q On the Ledeen point, Admiral, did Ollie North
4 ever express to you the opinion that he thought Ledeen
5 was maybe making some monies out of these transactions?

6 A He did.

7 Q Do you remember when he first might have
8 suggested that to you, that he was concerned about it?

9 A I can't remember that.

10 Q Let me ask you this. Would it ring a bell if
11 he might have told you that on Friday, November 21, 1986,
12 after visiting with Ledeen that morning?

13 A My recollection would have been before that.

14 BY MR. LIMAN: (Resuming)

15 Q Was it a suspicion or did he have hard
16 information, Admiral?

17 A Well, I don't know how hard it was. I think
18 it would be fair to say that Colonel North had an even
19 greater distrust for Mr. Ledeen than I did, and I'm not
20 totally sure I understand why, but at some point -- and
21 this would have been in early '86, I think -- Colonel
22 North reported to me that he and Dick Secord had figured
23 out that Schwimmer and Nimrodi were making a considerable
24 profit on the arms sales that they had been making to
25 Iran.

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1 I rather think, trying to stick to the Ledeen
2 connection, that Colonel North was at least suspicious
3 that Ledeen may have gotten some of that profit, but I
4 don't think I ever knew if Colonel North had any hard
5 evidence on that or not.

6 Q When you were working on the chronologies in
7 1986, November of '86, did you speak to Ledeen at any
8 time?

9 A My recollection is that he tried to call me,
10 but my recollection is I don't think I ever returned the
11 call. I asked Colonel North to talk to him and my
12 recollection is Colonel North did, and my recollection is
13 that his report to me was that Mr. Ledeen was thinking
14 about going public with his version of the case, of the
15 project. I did not want to do that because, frankly, I
16 didn't know what Mr. Ledeen would say.

17 I also suspected that he had some hard
18 feelings about being cut out of it and I believe my best
19 recollection is that I talked to Mr. McFarlane also about
20 talking to Mr. Ledeen to try to convince him not to go
21 public at that point. And this was probably in the time
22 frame before the President's speech on the 19th.

23 You know, one point I'd like to add right here
24 is that this detail -- I've had a lot of time since
25 November of 1986 to go back over and think about all of

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1 this, so what I recall now is more detailed than I could
2 recall in November of 1986.

3 Q While you're on this subject, you just
4 mentioned Secord. Did Stanley Sporkin, as General
5 Counsel of the CIA, ever communicate to you that there
6 had been some questions about Secord's past?

7 A I was aware that Sporkin, amongst others at
8 the Agency, had some concern about some of Dick Secord's
9 history. As I understood their concerns, I thought that
10 they were unfounded and in fact had a conversation with
11 Director Casey about that subject, and I told him I
12 thought his people were being unfair with General Secord.

13 Q Was this later in '86 or at the time that the
14 issue of whether to take over the assets of Project
15 Democracy occurred? Or did you have one with him at the
16 beginning?

17 A I think it was at the beginning, and Bill
18 Casey generally agreed with me that he thought that Dick
19 Secord was a very great professional and was being
20 unfairly tarred by the Wilson-Terpil brush.

21 Q And what provoked that discussion?

22 A Well, it may very well have been something
23 that Sporkin said to me. I can't recall a conversation.
24 It is possible that he called me. He was in the drafting
25 session that I had with Director Casey and Secretary

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1 Weinberger and Ed Meese and, very briefly, George Shultz
2 on the 16th of January.

3 Q You were about to say something and I
4 interrupted when you were talking about Secord and the
5 Wilson-Terpil connection and the unfairness of it.

6 A Well, I was going to say on Sporkin, getting
7 back to your original question, I can't recall for
8 certain how I was aware that Sporkin was with the group
9 that was critical of Dick Secord. You know, it's
10 conceivable I heard that directly from Stanley or from
11 Colonel North.

12 Q Let me go back to the November HAWK shipment
13 for a moment. Did North or anyone else tell you that the
14 Secord organization received \$1 million from the Israelis
15 for the shipping costs of the HAWKS?

16 A I can't recall that figure or knowing that. I
17 mean, I knew that as the way it finally worked out that
18 Secord was involved in that shipment, and I assumed that
19 he had some expenses.

20 Q Did anyone tell you that the profit that
21 Secord and his group made on that shipment was going to
22 the contras?

23 A Well, you mean --

24 Q On the November shipment. Let me just give
25 you some facts, Admiral. The Secord organization, Lake,

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1 received a transfer of \$1 million from the Israelis. It
 2 incurred costs of under \$150,000 in chartering the
 3 airline from the CIA proprietary and in other out-of-
 4 pocket expenses, and General Secord testified that he
 5 Israelis said that he didn't have to refund the balance
 6 but could use it for the contras.

7 Now does that ring any bell? Did anyone tell
 8 you that?

9 A You know, it's conceivable that I was told
 10 that. I don't recall it. My general level of knowledge
 11 in that time frame was that Dick was involved in the
 12 private logistics support of the democratic resistance
 13 and that because of his connections [REDACTED] that
 14 Ollie brought him into the Iranian effort [REDACTED]
 15 [REDACTED]

16 Q This would have been an \$850,000 donation by
 17 Israel. I'm not talking about the fact that it went to
 18 Secord.

19 A I understand what you mean. But, you know,
 20 it's possible that Colonel North reported that to me. I
 21 don't recall it.

22 MR. BECKLER: You don't recall. It's
 23 possible. Let's go on to the next question.

24 BY MR. LIMAN: (Resuming)

25 Q Now on the Finding to which you've given

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(1)
 to the CIA
 to the Shah(?)

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1 testimony, which was Exhibit 12, after that was signed by
2 the President where was it put?

3 A It was probably in an envelope on my desk for
4 a period of time. At some point in, it would have been
5 sometime later, probably the month of January of '86, I
6 took all of the papers I had at the time on Iran, which
7 would have, I guess, been this one and the 5 or 6 January
8 version and the final version and gave those to Commander
9 Thompson to keep in one of the outer office safes.

10 Q Where were Findings normally stored?

11 A Somewhere over in the Old EOB. I don't know
12 exactly where the System IV stuff was stored.

13 Q And did you tell Director Casey that this
14 Finding that he sent you had been signed?

15 A I can't recall that.

16 Q Did you tell Colonel North that it had been
17 signed?

18 A I can't recall that either. I probably told
19 Colonel North, but I don't recall it.

20 Q Did you tell Don Regan that it had been
21 signed?

22 A I would assume that Don Regan was probably in
23 the 9:30 when it was signed.

24 Q Do you remember?

25 A I don't remember that, though.

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1 Q What about the Vice President?

2 A It depends whether he was at the 9:30.

3 Q You don't remember that?

4 A I don't remember.

5 Q And the Attorney General. Did you ever tell
6 him that it was signed?

7 A I don't think that I ever told the Attorney
8 General that, although it's possible. But I don't think
9 so because, you see, again the frame of reference on this
10 Finding was I never really considered this an adequate
11 Finding, and I'm not even sure that I recommended that
12 the President sign it.

13 Q But he signed it.

14 A But he did sign it. But again because I can't
15 remember the meeting I don't know whether it was -- I
16 think I've testified he did have a habit of if he agreed
17 with a piece of paper he would put his name on it, even
18 though maybe you weren't ready for him to finalize it.

19 But, anyway, I never considered it an
20 operative document.

21 Q When you say you never considered it an
22 operative document, this is a document that was the only
23 Finding on dealing with Iran until January of 1986,
24 correct?

25 A That is correct. But there was -- yeah, that

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1 is correct.

2 Q And you never told the President when he
3 signed it that this is a document that's not operative,
4 did you?

5 A Well, I'm not sure about that. I mean, again
6 because I can't recall the meeting in which it was
7 discussed, I don't know under what conditions it was
8 signed. I don't think that that's particularly unusual.

9 Q Well, Mr. McMahon testified -- Mr. McMahon
10 wrote a memorandum which I can show you that he was told,
11 I believe by you, that he had been signed. I'll show you
12 that at the next session -- told by you that it had been
13 signed.

14 A I don't recall it.

15 Q Well, let me refresh your recollection. This
16 was not a document which was signed inadvertently and has
17 no meaning, is it?

18 A Well, the only -- well, I really don't have
19 any more on that.

20 Q It was sent over by Casey.

21 A Right.

22 Q Casey was a person who had a close
23 relationship with the President of the United States; is
24 that fair to say?

25 A He had worked with him for a long time.

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1 Q You are very cautious, Admiral. He was his
2 campaign manager:

3 A At one point he was.

4 Q And a campaign manager, you are aware, is a
5 person who has an intimate relationship with a
6 Presidential candidate.

7 A But I am also putting it in light of a long
8 period of time with the President myself.

9 Q And Casey was a man who the President was
10 comfortable with, wasn't he?

11 A He had great trust and confidence in Director
12 Casey.

13 Q And Casey was indeed a very sophisticated man?

14 A He was.

15 Q And this finding came over to you with a
16 letter from Casey.

17 A That's correct.

18 Q And it said: Pursuant to our conversation
19 this should go to the President for his signature. Do
20 you recall that?

21 A I recall that.

22 Q And so you, according to the covering letter,
23 had had a conversation with Casey before he even sent it.

24 A Presumably.

25 Q That's what he says.

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1 A Yes, that's what he says.

2 Q But you don't remember the conversation?

3 A I don't remember the conversation.

4 Q But one thing I've learned from two days is

5 the fact that you don't remember a conversation is not

6 going to turn out to be unusual, given all of the

7 conversations that you had over this period.

8 A That's correct.

9 Q And you are not denying that you had the

10 conversation with Casey?

11 A No. I just don't remember it.

12 Q And indeed Casey said of the Finding that it

13 should not be passed around in any hands below our level.

14 A That's correct. That's what the memo says.

15 Q And below our level meant not even Ollie

16 North?

17 A Well, I doubt if Director Casey would have

18 excluded Colonel North.

19 Q Because Colonel North was a discrete man?

20 A That's correct.

21 Q But Colonel North, despite the power that he

22 appears to have, wasn't at Casey's level?

23 A That's also correct. But also I would point

24 out that I doubt seriously if Director Casey drafted that

25 note.

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1 Q Well, it's only a couple of lines.

2 A It's possible. I just doubt it.

3 Q And I knew Director Casey longer than you did
4 when he was a practicing lawyer in New York. I think he
5 could have drafted this note.

6 MR. BECKLER: Arthur, we're going to have to
7 put you under oath.

8 MR. LIMAN: I don't want it to be said that he
9 couldn't write a transmittal letter.

10 THE WITNESS: Director Casey was a very good
11 writer, very articulate.

12 BY MR. LIMAN: (Resuming)

13 Q When he wanted to be.

14 A I'm talking about writing -- not orally.

15 Q Let me move because we're going to have to
16 break in ten minutes. I want you to give me an overview
17 of something. In January of 1986 you testified you were
18 visited by Nir -- January 2, 1986.

19 A Correct.

20 Q And your notes reflected the proposal that Nir
21 made for the Iran initiative to continue.

22 A Yes.

23 Q And the notes reflect that there will be a
24 total of 4,000 TOWs shipped to Iran and that if the
25 hostages aren't released after the first installment --

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1 January of 1986, if they are not released after the first
2 installment of 500 the project ends and the Israelis are
3 out 500 TOWs. Do you remember that, or do you want me to
4 show you your notes?

5 A I remember the notes.

6 Q And the Israelis were prepared in order to
7 keep this initiative going, as I read your notes, to bear
8 the risk of being out of pocket 500 TOWs. That's what
9 your notes said; am I correct?

10 A That's correct.

11 Q And that's what he told you, am I correct?

12 A My best recollection.

13 Q And he also indicated that if it was
14 successful he expected that you would replenish not only
15 the 4,000 TOWs that they would be shipping to Iran but
16 the 500-odd TOWs that they had previously shipped?

17 A In September?

18 Q In September, yes.

19 Now we know this from documents you've seen in
20 Tower and documents that you will see here that the
21 Israeli proposal is the one that is presented to the
22 group, the NSC principals on January 7, and it's a
23 proposal that Israel sells, the United States ;
24 replenishes. We also know from the documents, Admiral,
25 that by January 17, the transaction has changed; and that

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TOP SECRET

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1 it's not a replenishment of Israel. It's not Israel
2 that's going to sell and that we're going to replenish;
3 it's going to be a sale by the Department of Defense to
4 the CIA which then through an agent the Israelis will get
5 these TOWs to the Iranians.

6 You recall that, don't you? Do you recall
7 that or would you like to see your January 17 memo?

8 A No, I recall it. During the time period from
9 the time --

10 Q I haven't asked you a question yet. I just
11 wanted to know if you recall that. You may have
12 anticipated the question. The question is what happened
13 between January 7, when you were discussing the Israeli
14 plan with the NSC principals, and January 17, when you
15 adopt the other plan and there, in your own words or in
16 the words that you sign on on as in the memorandum to the
17 President which has been marked as an exhibit, it says
18 "the objectives of the Israeli plan could be met if the
19 CIA, using an authorized agent as necessary, purchased
20 arms from the Department of Defense under the Economy Act
21 and then transferred them to Iran directly after
22 receiving appropriate payment from Iran."

23 What happened to change the structuring of the
24 transaction in your own words and as fully as you can
25 tell us?

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1 A All right. To answer the question I'd like to
2 go back to the first version of the Finding. You see, in
3 my view there were three versions of the Finding,
4 starting with the one in December, then the one in early
5 January, and then the one which in my view was the final
6 version and the one that we eventually implemented was
7 the 17 January.

8 In the early part of December, of course, I
9 was taking over. It was a very confusing time. I
10 had the memo from Director Casey. In fact, well, I'm a
11 little confused here now whether I can recall it or
12 whether I read it in the Tower Commission report, but
13 anyway McMahon was very concerned about the Finding. In
14 fact, I think he was more concerned about getting that
15 Finding signed in December than Director Casey.

16 But again I don't recall conversations with
17 McMahon or Casey on the Finding. But, anyway, as I've
18 said before I was not satisfied with the first version of
19 the Finding, and after that I asked Colonel North --

20 MR. LIMAN: If you're going to consult in the
21 middle of an answer, then I want it reflected.

22 (Counsel conferring with the witness.)

23 MR. BECKLER: You can reflect that. You've
24 been more than kind.

25 THE WITNESS: I told Colonel North to work

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1 with whoever he'd been working with at the Agency, and I
2 don't recall whether I knew it was Sporkin at that point,
3 and also I wanted him to touch base with the Attorney
4 General or at least the Attorney General's immediate
5 staff that would be aware of the subject of the Findings.

6 And so that process. Then we had the
7 Christmas holidays and then Nir came in with a proposal
8 that in some respects was similar to the past. But, as
9 I've testified, there were some different aspects to it
10 with regard to the cover story. And in the meeting in
11 early January with the principals after my prebriefing of
12 the President, the President was willing to go ahead with
13 it right away, and that's why he signed the second
14 version, which was in early January.

15 But again I didn't consider that the final
16 version because I wanted to get Secretary Weinberger and
17 the Attorney General and Director Casey and, if I could,
18 Secretary Shultz in a session to perfect the wording of
19 the Finding.

20 In the meeting on the 16th of January with the
21 Attorney General and Director Casey, Secretary
22 Weinberger, Secretary Shultz came in at the very
23 beginning of the meeting but had to leave -- the timing
24 of the meeting was impromptu and Secretary Shultz had a
25 conflict -- the Attorney General raised the point that if

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1 we did the operation using the Israelis to the Iranians
2 and our replenishing the Israelis we ran into problems
3 with the Arms Export Control Act because there would have
4 to be a report to the Congress under the Arms Export
5 Control Act, because the weapons, even though we were
6 replenishing them directly under this Finding,
7 technically the weapons that the Israelis would ship
8 would have been delivered to the Israelis under the Arms
9 Export Control Act.

10 So to avoid that problem the Attorney General
11 wanted to go direct. And Director Casey had no problem
12 with that. Secretary Weinberger understood the point.
13 He was not in favor of the whole project all along, so I
14 can't say that he concurred with that. And so the next
15 day in briefing the President I made it clear that there
16 was a change in the procedure and he agreed that that was
17 fine with him.

18 And so at that point we moved from the
19 Finding, and I guess you'd have to say the 5 December or
20 whatever date that was in early December was operative up
21 until that point, but at that point we shifted to the new
22 Finding, which was what we initiated the project with
23 under my auspices.

24 BY MR. LIMAN: (Resuming)

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1 structured under the January 17 Finding is it fair to say
2 that it was a sale from the DOD to the CIA under --

3 A The Economy Act.

4 Q The Economy Act.

5 A That's correct.

6 Q Now was the reason for selling it under the
7 Economy Act to get a better price or to avoid having to
8 notify the whole Congress?

9 A No. I'm not an expert on this subject, but it
10 was my understanding that any time the CIA buys assets
11 from the Defense Department -- and I think that's what
12 the Economy Act means -- that they are required. In
13 other words, rather than going out and contracting on
14 their own if they can buy it cheaper from the Defense
15 Department then the Economy Act permits that. So it
16 doesn't have anything to do with -- well --

17 Q All, I can ask you for is your understanding.
18 At least insofar as your understanding is concerned was
19 the reason to go through the Economy Act sale to the CIA
20 related to pricing or was it related to notification?

21 A No. It's more related to notification, I
22 would say, because the whole shift from the original
23 concept of the Israelis selling to the Iranians and our
24 replenishing, shifting from that to our going directly to
25 the Iranians using the Israelis as logistics support, a
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1 logistics support base in the process, was to get around
2 the reporting requirements of the Arms Export Control
3 Act.

4 Q So that the debate or discussion on, was it
5 January 15?

6 A Sixteenth, I think.

7 Q On January 16 among the various principals
8 with the Attorney General was over the issue of
9 reporting. It wasn't a pricing discussion?

10 A That is my understanding.

11 Q And there weren't even pricing officials at
12 that meeting?

13 A No.

14 Q Now under the Economy Act the shipment was
15 going to be handled by a sale to the CIA and then what
16 did you understand the CIA was going to do with the
17 weapons?

18 A At that point I'm not certain I had a clear
19 understanding of that. My recollection is that I had a
20 conversation. We may have discussed a little bit in that
21 meeting. It doesn't vividly stand out. But probably in
22 that meeting a discussion took place on the Agency using
23 a private agent, in other words, a Dick Secord. I don't
24 believe Dick Secord's name came up in the 16 January
25 meeting, and it wasn't even clear, I don't think. We

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1 just wanted to be sure that the wording of the Finding
2 gave Director Casey that kind of flexibility of using
3 third parties.

4 And it was a later conversation with Bill
5 Casey in which I discussed with him how he planned to
6 carry it out, and we probably discussed Dick Secord at
7 that point.

8 Q Why don't we end with your telling us about
9 that later conversation with Casey?

10 A I don't have a good recollection of it, but
11 thinking back over the time frame I had the meeting with
12 Dick Secord and one of the main purposes of the meeting
13 was to feel him out as to whether he would be willing to
14 be a private agent in the Iranian project. And, as he
15 testified, my recollection is that he said that he would
16 if it was not simply an arms for hostage arrangement,
17 which he disagreed with.

18 And, of course, as you know we never did view
19 it in that simple a context.

20 MR. LEON: When would that have been?

21 THE WITNESS: The meeting with Secord?

22 BY MR. LIMAN: (Resuming)

23 Q It was January 17. He was in the building on
24 January 17 and January 20, both times signed in as
25 visiting you.

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1 A My recollection is it was on a Saturday.
2 Q The Saturday meeting would have been January
3 17.

4 MR. LEON: January 18 is a Saturday.

5 MR. LIMAN: The 17th is when he signed in,
6 isn't it?

7 THE WITNESS: That was not a Saturday. But,
8 anyway, at some point after that I recommended. I told
9 Bill that I had talked to General Secord, again in my
10 best recollection, and that I thought that -- I don't
11 remember whether I specifically made a recommendation or
12 just simply told him that I had talked to Secord and
13 Secord was willing to do it.

14 BY MR. LIMAN: (Resuming)

15 Q Did anyone recommend to you the use of Secord
16 other than Ollie North?

17 A Not that I can recall.

18 Q Did Casey say that he had to use an agent as
19 opposed to a proprietary?

20 A I don't recall that.

21 Q Because, Admiral, when you look at the
22 transactions up to the second channel, up to the time --
23 the shipment of the 1,000 TOWs in February of 1986, and
24 then the HAWK parts in May of 1986, until the second
25 channel was developed, the fact is that Secord is

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1 handling logistics, arranging for the transportation,
2 providing an interpreter, but the people who go to Tehran
3 don't include Secord.

4 A But that was --

5 Q So what did you envision the agent would be
6 doing?

7 A Arranging for transportation and providing the
8 operational linkage with the Israelis.

9 Q And did you not think that the CIA had a
10 proprietary that could do that?

11 MR. BECKLER: We're after 4:30. We had an
12 agreement. It's 4:40.

13 MR. LIMAN: Let's just finish this question.

14 Mr. BECKLER: Before we were just going to
15 finish his last conversation. Let's finish it, then.

16 BY MR. LIMAN: (Resuming)

17 Q Let's finish it, then. Did you not think the
18 CIA had a proprietary?

19 A I knew that the CIA had a proprietary but it
20 really wasn't my decision about how Director Casey wanted
21 to carry out the project. I have some personal views,
22 speculation as to why he wanted to do it that way, but,
23 you know, I can't recall having a conversation with
24 Director Casey about using General Secord versus one of
25 his proprietaries.

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1 Q Well, the last question is, was it you or
2 Casey who wanted to do it that way, meaning using a
3 private agent?

4 A I think it was -- I think we both thought that
5 was a good way to do it.

6 MR. LIMAN: Okay. Why don't we break now and
7 resume tomorrow. We can probably finish it tomorrow, at
8 least on my side.

9 MR. BECKLER: That's fine with me.

10 (Whereupon, at 4:41 p.m., the taking of the
11 instant deposition recessed, to reconvene at 10:00 a.m.,
12 Thursday, June 18, 1987.)

13 _____
14 Signature of the Witness
15 Subscribed and Sworn to before me this _____ day of
16 _____, 1987.

17 _____
18 Notary Public
19 My Commission Expires: _____

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CERTIFICATE OF REPORTER

I, Michael A. Schafer, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by ME; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michael Ann Schafer
NOTARY PUBLIC

My Commission expires: 2/28/90

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ATTACHMENT A
5:05 pm
18 July 1987

Declassified Documents
2175 - 2185

82-726 1381

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ORIGINAL

Stenographic Transcript of

HSITS 0107 /87

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF JOHN M. POINDEXTER - Continued

Thursday, June 18, 1987

Early Release/Release on 16 Oct 1987
under provisions of E.O. 12358
by B. Reagle, Director, Security Council

Washington, D.C.

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1 DEPOSITION OF JOHN M. POINDEXTER - Continued
2 Thursday, June 18, 1987
3 United States Senate
4 Select Committee on Secret
5 Military Assistance to Iran
6 and the Nicaraguan Opposition
7 Washington, D. C.
8 Continued deposition of JOHN M. POINDEXTER,
9 called as a witness by counsel for the Select Committee,
10 at the offices of the Select Committee, Room SH-901, Hart
11 Senate Office Building, Washington, D. C., commencing at ,
12 10:16 a.m., the witness having been duly sworn, and the
13 testimony being taken down by Stenomask by MICHAL ANN
14 SCHAFER and transcribed under her direction.
15

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UNCLASSIFIED**APPEARANCES:**

On behalf of the Senate Select Committee on Secret
Military Assistance to Iran and the Nicaraguan
Opposition:

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Chief Counsel

JAMES E. KAPLAN, ESQ.

Associate Counsel

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On behalf of the House Select Committee to
Investigate Covert Arms Transactions with Iran:

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On behalf of the witness:

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C O N T E N T S

EXAMINATION ON BEHALF OF

WITNESS

SENATE

HOUSE

John M. Poindexter

By Mr. Liman

388

E X H I B I T S

POINDEXTER EXHIBIT NUMBER

FOR IDENTIFICATION

37

388

38

405

39

405

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PROCEEDINGS

Whereupon,

JOHN M. POINDEXTER,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q We are now resuming our third session. You are still under oath, Admiral. I have just handed you Exhibit 37, which is a memorandum dated December 7, 1985, from Oliver North to Mr. McFarlane and you.

(The document referred to was marked Poindexter Exhibit Number 37 for identification.)

A Mine is dated December 9.

Q Did I say December 9?

A You said 7.

Q December 9, 1985, and it begins with what I would characterize as a trip report on their weekend meeting in London.

MR. BECKLER: Before any questions are answered, maybe we could just perhaps also put on the record that this obviously is a continuation of the proceeding which began with taking immunized testimony.

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1 MR. LIMAN: This is immunized testimony. It
2 is in executive session of both Committees, and it is a
3 continuation of that immunized testimony.

4 MR. EGGLESTON: Maybe I should just say on
5 behalf of the House that is correct.

6 MR. BECKLER: Thank you, Mr. Eggleston.

7 MR. SMALL: This is Exhibit 37?

8 MR. LEON: Yes, 37.

9 (Pause.)

10 BY MR. LIMAN: (Resuming)

11 Q There is attached to the first memorandum a
12 memorandum of December 5, 1985. If we can stop with the
13 December 9, 1985 memorandum, I'd like to ask you some
14 questions about it.

15 A All right.

16 Q In the first place, do you recall receiving
17 and reading this memorandum?

18 A I can't say that I have a good recollection of
19 it. I probably did, but, you know, it's been a long time
20 ago.

21 Q And is this the type of memorandum that you
22 would have given the President a briefing on?

23 A Yes, it is.

24 Q And in this memorandum Colonel North lays out
25 certain options at page three. One is what he calls a

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1 Ghorbanifar-Schwimmer plan, which involves the sale of
2 some TOWs to the Iranians, and that's the first option he
3 describes.

4 The second is he talks about [REDACTED]
5 [REDACTED] am I correct?

6 A That's correct.

7 Q The third is allowing the Israelis to deliver
8 400 or 500 TOWs while picking up the 18 HAWKs in an
9 effort to show good faith to both factions in Iran; am I
10 correct?

11 A It makes that proposal as one option.

12 Q The 18 HAWKs were the ones that he refers to
13 earlier in the memorandum that had been delivered to the
14 Iranians, where he says, for example, "at the meeting
15 with McFarlane we learned for the first time that the
16 Iranians want desperately to return the 18 basic HAWK
17 missiles which are still in Tehran," on page two. So
18 that was another option, right?

19 A Right.

20 Q Then he talked about doing nothing, and there
21 Colonel North stated the position that he had stated on a
22 number of occasions, that if the United States did
23 nothing it could be very dangerous and that a "United
24 States reversal now in mid-stream could ignite Iranian
25 fire. Hostages would be our minimum losses." Right?

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1 A Yes. That's his assessment of the situation.

2 Q And then he gives a fifth option, and in that
3 fifth option he describes the possibility of using Secord
4 as the conduit to control Ghorbanifar and for delivery
5 operations. Do you see that?

6 A Yes.

7 Q Now was this the first time that you had heard
8 of a proposal to use Secord as an agent in lieu of the
9 Israelis?

10 A I can't be certain because, you know, I just
11 don't remember all the details. It probably was. I'm
12 not quite sure, you know, what he means here. My guess
13 is that when I read that I assumed that it would be using
14 Dick Secord for the delivery of weapons in Israeli
15 stocks, because, you see, I really didn't understand that
16 the Attorney General had a problem with the Israel to
17 Iran, U.S. replace Israel until the meeting on the 16th.
18 So when I read that, and I'm relatively sure that I did
19 at the time, it didn't register, and I'm not sure that's
20 what Ollie meant here.

21 Q Well, he does talk about the fact that this
22 will reduce our vulnerabilities in the replenishment of
23 Israeli stocks.

24 A Yes, that's true.

25 Q Let me see if I can refresh you on this. You

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1 knew when North returned from the London trip that he was
2 dissatisfied with the Israelis' performance on the HAWK
3 shipment, right?

4 A Yes, he was.

5 Q And you knew that he thought that the Israelis
6 were mishandling the whole Ghorbanifar relationship,
7 correct?

8 A That's correct. And he wasn't satisfied with
9 Ghorbanifar either. None of us were.

10 Q Is it a fact that North communicated to you
11 that he or he and Secord felt that the United States had
12 to get involved directly with Ghorbanifar and not simply
13 rely on the Israelis?

14 A I'm not sure when he arrived -- he or I
15 arrived at that conclusion. Eventually we did arrive at
16 that conclusion. But, you know, reading this and
17 thinking back on it, what I probably thought at the time
18 was that what he was saying here was that Secord would
19 essentially replace Schwimmer in the operation, because
20 Schwimmer was one of the people that he didn't
21 particularly trust.

22 Q Well, was a decision made at some point that
23 Secord ought to replace the private Israeli, Schwimmer
24 and Nimrodi in dealing with Iran?

25 A Well, essentially when the President signed

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1 the final version of the Finding on the 17th of January
2 that decision was made, not necessarily Secord by name
3 but that a third party, and the intent there was for Bill
4 Casey to use a third party, Dick Secord, or it could have
5 been somebody else at that point.

6 Q Did you ever hear the name of any other third
7 party who was contemplated to be used other than Secord?

8 A No, I did not. But I'm just saying that when
9 the Finding was signed that did not include necessarily
10 the decision to use Dick Secord. The Finding was broad
11 enough that Bill Casey was left to make that decision
12 about exactly how to carry it out.

13 Q Did you understand by the time you met with
14 Dick Secord on January 17 that Secord had been stationed
15 in Iran?

16 A Yes.

17 Q And that he had some knowledge of Iran?

18 A Yes.

19 Q Did you know that he had a partner, Hakim, who
20 could speak Farsi at that point?

21 A At that point I didn't know that, to the best
22 of my knowledge.

23 Q And you knew that Secord had had some
24 experience in special operations?

25 A Yes, I knew that.

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1 Q And that he had a reputation of being able to
2 get things done?

3 A He did. I had the impression that Dick Secord
4 was an ideal candidate to carry out this mission.

5 Q Now you've already testified at that time that
6 you did not envision the role of the agent as being to
7 make profits.

8 A That is correct.

9 Q And when you talked to Secord on the 17th
10 Secord stressed with you that he was interested in
11 getting involved if this would be an initiative to
12 establish a relationship with Iran and not just a plain
13 hostage-for-arms swap?

14 A To the best of my knowledge.

15 Q Did you find, yourself, Admiral, the notion of
16 an arms-for-hostage swap to be distasteful?

17 A I frankly don't find that distasteful. I
18 think that we live in a very imperfect world, a very
19 dangerous world, and sometimes you don't have the best
20 options or the ideal option, and you've got to do what's
21 necessary.

22 Q What is your response to those who say --

23 A I view it much more pragmatically?

24 Q What is your response to those pragmatists who
25 say that if you start swapping arms for hostages you are

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1 only going to encourage the taking of most hostages?

2 I'd like to show this consultation because on
3 this one I think he could answer this without you, Mr.
4 Beckler.

5 (Counsel conferring with the witness.)

6 MR. LIMAN: This has nothing to do with
7 refreshing him.

8 MR. BECKLER: Mr. Liman, he is perfectly
9 capable of answering every question without consulting
10 with me. That is not necessarily why I consult with him.

11 BY MR. LIMAN: (Resuming)

12 Q May I have the answer to this one?

13 A Would you mind repeating the question, please?

14 Q I wanted to know what is your response to
15 those pragmatists who say that if you start swapping arms
16 for hostages you will just simply encourage the taking of
17 more hostages.

18 A I would make two points. One, we didn't feel
19 and didn't believe, the intelligence didn't indicate,
20 that the Iranians were holding the hostages. It was a
21 separate group in Lebanon, a faction of the Hizbollah.
22 We didn't feel that the Iranians had complete control
23 over the situation. We certainly felt that they had some
24 influence and could bring pressure to bear.

25 You see, the President never did view -- and,

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1 you know, it was a fine line, but I think his rationale
2 was right and I agreed with him -- that we were not
3 dealing arms for hostages, although frankly that doesn't
4 have the same impact on me that it does on some people.

5 The second point is that the objectives of the
6 radical fundamentalist groups in the Middle East go far
7 beyond arms or anything else that we were talking about.
8 And I think that the danger of increased hostage-taking
9 existed whether there were arms involved or not involved.

10 Q Now, Admiral, attached to the December 9 memo
11 is a December 5 memo. It happens to be attached to it,
12 which is the way in which we received these documents.
13 I'm not sure it was attached originally.

14 A I haven't read that one yet.

15 Q Could you take a look at it and just see if
16 you recall reading it and in particular I call your
17 attention on the first page to where they describe the
18 Israeli shipment of 500 TOWs in September of 1985 and the
19 author of the document says "prior to commencing this
20 operation we committed to the Israelis that we would sell
21 them replacements for the items that they had sold and
22 delivered to Iran. Two days later, Reverend Benjamin
23 Weir was released."

24 Anyway, if you could look at it and just tell
25 me whether you saw this document.

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1 (Pause.)

2 A All right. I've read it.

3 Q Admiral, if you look at that, do you remember
4 whether or not you saw that memorandum at the time?

5 A I probably did. I think this was the first
6 indication or -- well, the thing that makes me believe
7 that I saw it at the time was [REDACTED]
8 [REDACTED]

9 Q And was this the first indication that you had
10 that we had committed to the Israelis to replace the 500
11 TOWs?

12 A It probably was. I didn't recall knowing this
13 this early, but it looks like that I did.

14 Q Now let's move on to the January 6 Finding.

15 MR. LEON: Arthur, could I just ask the
16 Admiral, who wrote that memo, Admiral, as far as you can
17 tell?

18 THE WITNESS: I don't think it has any marks
19 on it.

20 BY MR. LIMAN: (Resuming)

21 Q Does it read like an Oliver North memo?

22 MR. BECKLER: If you don't know, you don't
23 know.

24 THE WITNESS: Well, the cover memo says from
25 Oliver North to Mr. McFarlane and to me.

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1 MR. BECKLER: But they don't know if these are
2 attached.

3 BY MR. LIMAN: (Resuming)

4 Q Does it read like an Oliver North memo? You
5 can, after a while, start getting a sense of the style of
6 a person.

7 A I obviously can't be positive, but it looks
8 like an Oliver North memo.

9 MR. LEON: The last paragraph reads to me like
10 an Oliver North memo. I just wanted to see if you
11 remember.

12 (A discussion was held off the record.)

13 BY MR. LIMAN: (Resuming)

14 Q Admiral, when you asked Oliver North to
15 prepare the new Finding in the beginning of January after
16 you met with Nir, did you give him any instructions to
17 leave out any reference to hostages?

18 A No, I don't recall that.

19 Q The reason I ask you this --

20 A In fact, I told him to begin working on a new
21 Finding actually in early December.

22 Q Before or after his trip to London?

23 A That I can't be sure of -- probably after.

24 Q The first work that was done on the new
25 Finding, I will tell you, began on January 2, 1986, which

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1 is when Nir visits you. Does that refresh your
2 recollection as to when your instructions were given to
3 him?

4 A No, because I think that there was preliminary
5 work done in December, because the reason I believe that
6 is that after the 7 December meeting, which to my
7 recollection was the first meeting I had an opportunity
8 to hear in detail Secretary Shultz and Secretary
9 Weinberger raise their objections, they made such a big
10 issue of the illegality of it that I'm relatively certain
11 later after that, but yet in early December, I asked
12 Colonel North to talk to the Attorney General or his
13 people about that problem, because clearly if it were
14 illegal we couldn't go ahead with it.

15 Q And if it were illegal you had a problem in
16 terms of those September shipments?

17 A I can't say that that --

18 Q That that occurred to you?

19 A That occurred to me at the time.

20 Q That was before your watch anyway.

21 A Well, I just don't recall thinking about that.
22 I tend to look toward the future.

23 Q In the discussions that took place at the
24 December 7 meeting was there any reference made to the
25 fact that we had done it already in September, and in

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1 November?

2 A I can't remember that.

3 Q Do you remember that meeting as being a
4 forward-looking meeting -- should we go ahead with the
5 new Israeli plan?

6 A That's correct. And let me make one other
7 point clear. It wasn't clear to me that what Secretary
8 Shultz and Secretary Weinberger were saying was correct.

9 Q You are not a lawyer; I understand that.

10 A No.

11 Q And the Attorney General was not at the
12 meeting on December 7, was he?

13 A He was not. In hindsight --

14 Q In hindsight what?

15 A It would have been helpful if he had been
16 there.

17 Q But let me stop at December 7. December 7 the
18 decision that was made was to let McFarlane go to London,
19 correct?

20 A That is right.

21 Q And there was not a decision made on December
22 7 to sell more arms to Iran; correct?

23 A That is correct.

24 Q And by the time any further shipment was made
25 to Iran the Attorney General of the United States had

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1 been consulted?

2 A That's correct.

3 Q And he indeed had reviewed the plan that
4 ultimately was implemented, correct?

5 A That's right.

6 Q And he had given his blessing to it, right?

7 A That's correct.

8 Q And the Secretary of Defense had voiced his
9 own objections, correct?

10 A That's right.

11 Q And do you remember at the meeting that was
12 had in the White House on January 16 that the Secretary
13 of Defense said that he wanted to talk to counsel for the
14 Department before signing off?

15 A I don't recall that.

16 Q Do you remember him ever saying that he was
17 going to speak to his own lawyers in the Department of
18 Defense?

19 MR. BECKLER: Let me raise an objection at
20 this time. Obviously unless you were present at those
21 meetings, Mr. Liman, you have an unbelievable amount of
22 material that lays out what happened at all these
23 meetings, and we now -- let me finish my objection,
24 please -- as you know, we have been provided with no
25 documents for this deposition, no preparation, no

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1 opportunity to see any of these materials.

2 And this mode of taking the Admiral through
3 each thing and then -- well, I could tell you really what
4 was going to happen by showing you that memo, I must say
5 that at some point it crosses the line over to a position
6 where it's not going to be fundamentally fair to have
7 this proceed in this way.

8 MR. LIMAN: Mr. Beckler, I have shown him in
9 general every document before I question him about the
10 event. Some events are subject to testimony which may or
11 may not be correct, and if the Admiral does not have a
12 recollection of it, then he puts that on the record. If
13 it does refresh his recollection and he remembers it,
14 then he says so.

15 So I see nothing unfair about that way of
16 proceeding and I know of no other way of proceeding when
17 I'm dealing in part with people's memories.

18 MR. BECKLER: If this were a normal deposition
19 I perhaps might agree with that, although even in some
20 normal depositions access is given to documents that will
21 be used in those depositions by the parties, although
22 that has not been done in this case.

23 However, as I stated yesterday, this is not a
24 normal deposition. Admiral Poindexter is a man who has
25 received immunity from the Senate. He has been declared

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1 a target of a special prosecutor's investigation for the
2 very same facts which you are now questioning him about,
3 and I believe he is in serious jeopardy at every moment,
4 every step of the way.

5 You have said yesterday, Mr. Liman, that you
6 are only a commercial litigator, but I believe this to be
7 in the nature of a criminal investigation in which the
8 Senate is cooperating somewhat with the special counsel
9 in an attempt to yes, give somebody immunity but yet
10 deprive that person of every possible advantage that he
11 might garner from getting such immunity.

12 And I want to put you on notice to that fact.

13 MR. LIMAN: Well, Admiral Poindexter is going
14 to be a public witness in the beginning of July and all
15 of his evidence is going to be public then, and I do not
16 see my role here as either being a prosecutor or as an
17 aide to a prosecutor. I see the role that I have been
18 given as to develop all of the facts, to do it in a way
19 that does not cause any kind of unnecessary interference
20 with other branches of government, but to get the facts,
21 whatever the consequences may be.

22 So let's proceed.

23 BY MR. LIMAN: (Resuming)

24 Q Now, Admiral, I'm just asking you, you
25 understand, whether you recall that the Secretary of

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1 Defense at that meeting or any other meeting said that he
2 was seeking counsel from his own Department before
3 signing off on the January 17 Finding.

4 A I simply don't recall. I'm sorry.

5 Q Now you testified a moment ago that you never
6 instructed North to omit from the proposed new Finding
7 reference to hostages; is that correct?

8 A That's correct to the best of my knowledge.

9 Q But you wanted a Finding that would have
10 objectives other than just plain arms for hostages; is
11 that correct?

12 A That is correct, because --

13 Q Did you give him the objectives to be put in
14 the Finding or did he define those objectives based on
15 discussions with you?

16 A My recollection is that they were based on
17 discussions with me and I probably did not provide the
18 detailed objectives that finally wound up in the draft of
19 the Finding, but I wanted to make it clear that our major
20 objective was a strategic opening to Iran.

21 Q Now I'll mark as two exhibits, first a
22 memorandum to you dated January 4, 1986, from Lieutenant
23 Colonel North that encloses a draft memorandum from you
24 to the President and a draft of the January 8 Finding,
25 and that will be marked as Exhibit 38.

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1 (The document referred to was
2 marked Poindexter Exhibit
3 Number 38 for identification.

4 And then as Exhibit 39 what appears to be a
5 revision of the draft from you to the President with the
6 January 6 Finding attached. And just from the context,
7 because this is not dated, the cover memo here, but from
8 the context it appears to me that this probably the
9 revision of the draft that was Exhibit 38.

10 (The document referred to was
11 marked Poindexter Exhibit
12 Number 39 for identification.)

13 What I'm going to ask you is whether you have
14 any recollection of these documents, whether you can
15 place them in sequence in terms of which one came first
16 and also whether you can recall the reason for the
17 changes. And I think in looking at the first paragraph
18 of the cover memorandum you can see the tone of the
19 changes, which was to, if I can characterize it, to
20 refine the description of the role of Israel and define
21 it somewhat differently from the way it was in the other
22 draft.

23 (Pause.)

24 - A You know, the files from which these come you
25 should be able -- the files are usually in pretty good

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1 condition.

2 Q Admiral, for a lot of reasons, some of which
3 relate to what Colonel North did on November 21 and some
4 of which relate to the way in which the documents were
5 reviewed by the FBI, they are not in perfect condition.

6 For example, the document that you are looking
7 at, 38, indicates that it came from North's file. That's
8 what the N stands for, and the document that is 39 also
9 indicates that it came from North's file.

10 A That's the problem.

11 (Pause.)

12 Q Would it be helpful to you, Admiral, if I
13 showed you what the changes were?

14 A Let me just skim it first and see what we've
15 got here.

16 Q We have a marked up copy of it that does show
17 the changes.

18 A Okay. That would be helpful.

19 (Pause.)

20 Q Are you able to tell by looking at them which
21 came first?

22 A No, I can't. You'd have to have a pretty
23 detailed memory.

24 Q Do you remember?

25 A I'm not even sure I've seen these drafts.

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1 Q Do you remember, Admiral, whether North told
2 you prior to January 6 that he had spoken to the Attorney
3 General and obtained legal advice?

4 A My recollection is that I went into the
5 meeting on 7 January, which I think was the date of the
6 meeting we had in the Oval Office, with my understanding,
7 although I don't believe at that point I had personally
8 spoken to the Attorney General, but my recollection is
9 that I went into that meeting thinking that the Attorney
10 General was on board and didn't see any legal problem as
11 long as it was covered by a Finding.

12 Q Now the last page of Exhibit 39 has a draft of
13 the Finding which has handwritten in it "and third
14 parties", and there was testimony before the Tower Board,
15 which was reported, that that was written in by Sporkin
16 when he changed the January 6 Finding to the January 17
17 Finding. It bears the signature of Ronald Reagan.

18 Is this the Finding that you have previously
19 testified that was in the President's briefing book and
20 that he signed?

21 A I don't recall whether it was in his briefing
22 book or whether I discussed it with him at the normal
23 9:30 that morning. I don't believe I testified before
24 that it was in the briefing book. It could have been. I
25 just don't recall. It was either in the briefing book or

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1 covered in the briefing.

2 I rather would guess that it was covered in
3 the briefing.

4 Q Did you actually see him sign it?

5 A I can't remember that because that would
6 depend on which way I did it. It could have been done
7 either way.

8 Q Did you ever tell him, Mr. President, you
9 signed this by mistake?

10 A I don't recall that.

11 Q Let me just show you --

12 A But on the 17th, when he signed the other
13 version, I obviously would have discussed with him the
14 changes that we felt were necessary in the 6 January.

15 Q We'll come to that. Now the differences
16 between the two Exhibits I have given you, 38 and 39, are
17 indicated in these sheets I'm going to hand you. The
18 yellow means that that was taken out and the blue is
19 what's added. If you will just look at it, you can see
20 what the changes are.

21 The question is, does it refresh your
22 recollection?

23 A Now yellow is --

24 Q Means that in the retyping that the yellow
25 portions were deleted and the blue portions were

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1 substituted.

2 A That assumes a sequence, though. So the
3 yellow is in this one and not in this one, and the blue
4 is in this one and not in this one (indicating).

5 Q That's correct.

6 (Pause.)

7 Any recollection at all?

8 A It really doesn't help.

9 Q I am going to next mark some notes of yours
10 that were found at the NSC. It's two pages -- the second
11 one is being Xeroxed now and will be attached -- which
12 refers to a January 7, 1986, memo -- January 7, 1986
13 meeting at 9:30 in the morning.

14 (The document referred to was
15 marked Poindexter Exhibit
16 Number 40 for identification.)

17 MR. BECKLER: I'd like the record to reflect
18 that these notes are notes made by Admiral Poindexter in
19 his own handwriting and the White House has refused to
20 provide these notes to us but yet has provided them to
21 the Senate and, I presume, to the Independent Counsel,
22 and our first access to these notes takes place at the
23 exact moment the questions are being asked about these
24 notes.

25 MR. LIMAN: Your observation is noted and I

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1 have a slightly -- do you have the original copy there?
2 I have a slightly better copy.

3 MR. LEON: I was just going to ask what the
4 stamp number is in the upper righthand corner of the
5 first page. Can you read it?

6 MR. LIMAN: N-7840, which is our Bates number.

7 MR. LIMAN: Let me show you the better copy
8 that we have. You should understand, Mr. Beckler, that
9 this is the condition in which we get them, too, so we
10 get second, third or fifth generation copies.

11 MR. SMALL: But at least you get them.

12 MR. LEON: I don't even know if the House got
13 these.

14 MR. EGGLESTON: I can represent for the record
15 that the House got these and I have seen them.

16 (Pause.)

17 MR. BECKLER: That's endemic to the problem of
18 this thing. It's a very slanted proceeding.

19 MR. LIMAN: I object to that and I don't think
20 it has been a slanted proceeding. I think we've given
21 every witness an opportunity to give his story. We have
22 subjected them all to cross examination and if the mail
23 that I've gotten indicates anything about slant, it's
24 that some people think it's been slanted too much in
25 favor of the contra cause.

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1 But let's go on.

2 MR. BECKLER: I would like to respond to that.

3 MR. LIMAN: You can respond to all those
4 letters I'm getting.

5 MR. BECKLER: We have our own letters, too.
6 But Minority Counsel's statement that he has not even
7 known of the existence of these documents indicates the
8 political nature of this proceeding.

9 MR. LIMAN: That's a lot of nonsense. He has
10 had access to this, as have others there, and the fact
11 that he doesn't remember every document or hasn't read
12 every document is not something that should give rise to
13 an inference. You ought to speak for yourself.

14 MR. LEON: Arthur, let me speak for myself,
15 please. I know you'd like to speak for me. I'm just
16 indicating that I'm not familiar with this particular
17 document. It might in fact be in the storage of all the
18 documents that the House has over in the House vault of
19 the documents that we have set aside for Admiral
20 Poindexter. I don't recall seeing this. That doesn't
21 necessarily mean it's not over there.

22 MR. LIMAN: And you have access to all the
23 documents that you have received.

24 MR. LEON: I hope so.

25 MR. EGGLESTON: I should say that we are

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1 maintaining joint document access with the minority
2 counsel because we have one large area where we keep
3 documents and minority as well as majority have equal
4 access to those documents.

5 MR. LIMAN: And I can vouch for majority and
6 minority on my Committee.

7 MR. LEON: However, as to the Admiral's '86
8 calendar of appointments and the Admiral's telephone
9 logs, there was only one copy, set of those provided by
10 the White House to day, and those were provided to the
11 Senate on a deal between the Senate and the White House,
12 and I've been informed just this morning that the White
13 House is going to provide a separate set of those for the
14 House, majority and minority.

15 MR. LIMAN: Just so it's clear, we got those
16 yesterday.

17 MS. FOLEY: Just yesterday?

18 MR. LIMAN: We were given access to them, I
19 think a couple of days earlier to look at them but not
20 allowed to have a copy, and we have now been entrusted
21 with custody of these.

22 MR. BECKLER: I'm happy to hear that the
23 Senate and the House have gotten copies of these things,
24 but I'd like to say that we made a request for the
25 Admiral's 9:30 file to the White House back in December

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1 of 1986 and we never got it till this morning.

2 THE WITNESS: And this isn't all of it.

3 MR. BECKLER: In fact, we've only been given
4 one copy while we're being asked the questions, and this
5 is what I mean about the collusion between the
6 Independent Counsel, the Senate and the House and the
7 White House.

8 MR. LIMAN: That's an outrageous statement,
9 because if he's gotten a copy of his 9:30 file he's ahead
10 of us.

11 MR. BECKLER: I just said he has not gotten
12 it.

13 MR. LIMAN: I thought you just said he's
14 gotten it today.

15 MR. BECKLER: No. The first time he's seen
16 anything from his 9:30 file is when he's about to be
17 asked a question about it, and we requested this material
18 back in December. We were told by the White House that
19 the Independent Counsel raises an objection to providing
20 any information to our client because the Independent
21 Counsel feels that if the White House cooperates in any
22 way, shape or form the White House will be accused of
23 obstruction of justice by the Independent Counsel.

24 He has put a chill over this. Therefore, he
25 has prejudiced this proceeding as well as other

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1 proceedings.

2 MR. LIMAN: Mr. Beckler, your objection is
3 noted.

4 MR. BECKLER: Thank you.

5 MR. LIMAN: The record will also reflect that
6 we are showing to the Admiral these documents. I haven't
7 asked him a question about this before I showed him the
8 document. Whether the Independent Counsel agrees with my
9 showing him documents or not I do not seem to have been
10 inhibited, and so let's proceed.

11 BY MR. LIMAN: (Resuming)

12 Q Admiral, you are now looking at notes that you
13 took: is that correct?

14 A That's my handwriting.

15 Q And do these refer to notes related to the
16 meeting that you were having that day with the NSC
17 principals?

18 A To put these two pages of Exhibit 40 in
19 perspective, these are pages out of what I call my 9:30
20 file, which was a looseleaf file -- most of the pages
21 were on yellow legal pad, but this one appears to be on a
22 5 by 7 note pad -- of agendas that I made up prior to my
23 9:30 meeting each morning with the President as to the
24 items I wanted to cover with him.

25 MR. BECKLER: May I ask for a brief recess to

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1 discuss this with my client?

2 MR. LIMAN: Sure.

3 (A brief recess was taken.)

4 MR. LIMAN: Let's go on the record.

5 I'll take you through these notes. I'm going
6 to try to avoid going through these documents which take
7 you a considerable amount of time to read and which I
8 understand that other than to the extent that they have
9 been in the Tower report you haven't seen for a while.

10 I am going to extend an invitation to you and
11 to your counsel to review these documents before our next
12 session, which would be after you return from your
13 holiday, and to give you an opportunity so that you can
14 become reacquainted with some documents that you haven't
15 seen for a while.

16 I think that's in the interest of the
17 Committees, in your own interest, and the public
18 interest, and to the extent that any of the questions
19 that I will ask for the rest of this session really are
20 matters that you don't have a recollection on but where
21 if you had access to these documents it might refresh
22 your recollection, then let me say to you that you should
23 say that or your counsel should say that and we can
24 postpone those questions until the next session.

25 MR. BECKLER: Mr. Liman, thank you for your

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1 statement. I gather it is precipitated somewhat by our
2 off the record session. Let me just state that basically
3 our concern transcends merely the opportunity to now
4 examine a document before a question is answered.

5 As I said before, I have had a continuing
6 concern which I have raised with you not only today but
7 yesterday and in the past about the fact that everybody
8 in the world has been given access -- well, let me not
9 say everybody in the world, but let's say the Senate and
10 the House have been given access to documents prepared by
11 Admiral Poindexter but yet the Independent Counsel has
12 denied us having access to these documents.

13 I believe that this entire proceeding is
14 controlled somewhat or manipulated, with non fault of
15 yours, Mr. Liman, by the Independent Counsel, because
16 basically what has in effect happened is that one party
17 to a litigation -- the litigation being the dispute
18 between the House and the Senate and the various
19 witnesses -- has been given access to relevant documents
20 and the other party has not. And is has seriously
21 prejudiced our client.

22 I also understood that we were going to come
23 down here for two or three days this week. I had no idea
24 that we were going to again be coming back, perhaps next
25 week.

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1 MR. LIMAN: Not next week. Next week he's
2 going to be away.

3 MR. BECKLER: Excuse me, the week after next.
4 And I cannot say with any certainty that we would be
5 appearing the week after next.

6 MR. LIMAN: The problem is that since you have
7 said that you want him to have an opportunity to review
8 his documents before he completes his testimony I don't
9 see how that's going to be done unless he comes back the
10 following week.

11 MR. BECKLER: I have said that there is a
12 fundamental unfairness at work here, and that is that
13 back in December 1986 and into January of 1987 we made a
14 request for such files as the 09:30 file. We were denied
15 that request. We are now at the eleventh hour. The
16 eleventh hour is now. The eleventh hour, as far as I'm
17 concerned, is the week after next because this part of
18 the litigation -- in other words, the House and Senate
19 side of this case -- literally has hundreds of -- at
20 least 50 people out here in a room. I don't know what
21 they have been doing for six months, but we have not yet
22 had access to these documents.

23 So the question, Mr. Liman, is not just the
24 fact that give us this and we can read them next week
25 before you come back in. It involves a lot more than

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1 that, and that's all I have to say.

2 MR. LIMAN: Mr. Beckler, some more objective
3 observer of this scene than I am might comment that
4 because of the events in November your client took a
5 position that was adversarial to the government and not
6 cooperative with it, that if you had complaints about the
7 fact that you didn't have access to information, the
8 Executive Branch in which he was employed had complaints
9 that it did not have access to Admiral Poindexter.

10 And the Tower Report indeed said that, that it
11 could not talk to him. Now I don't want to get in the
12 middle of that other than to say that one of the issues
13 in the hearings is whether Congress was treated as a co-
14 equal branch. The one thing that we are not prepared to
15 surrender in these hearings is our right to be treated as
16 a co-equal branch.

17 The Independent Counsel does not dictate to us
18 on what documents we have access to. The President
19 waived executive privilege. We were confronted with
20 limitations in terms of the compartments to which we were
21 admitted, and they related to our mandate. We did not
22 tell the Independent Counsel not to give your client
23 access. The decision whether to give him access belonged
24 to the White House.

25 I favored giving him access to these documents

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1 that we have now so that his testimony can be as accurate
2 as possible. I really believe that in the light of the
3 observations you have made today that your client's
4 interest is going to be to let me proceed with some
5 things which he may or may not remember or we can just
6 terminate the examination now, let him have access to the
7 documents, and resume for a day -- it shouldn't be more
8 than that -- when he returns from vacation and wrap it
9 up.

10 And I'll give you the option. It is of no
11 great benefit to me to have to sit here while he reads
12 through documents that he hasn't seen for nine months and
13 wants to be sure that he has digested them all so that he
14 doesn't make a misstatement in answering about them. So
15 I give you that choice.

16 MR. BECKLER: Mr. Liman, I hope you don't
17 confuse what I'm saying with a suggestion that you
18 personally, Arthur Liman, are being unfair. I'm not
19 saying that. What I'm saying is that unfortunately you
20 are a victim of the situation like the rest of us in
21 that, whether you like it or not, the way in which this
22 immunity was constructed the timing -- that is, the
23 manner in which he would be examined Admiral Poindexter,
24 the manner in which he would be given access to
25 documents, the manner in which the testimony would turn

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1 from private to public -- has all in some way or another
2 been coordinated with the Independent Counsel.

3 And it is because of those strictures that
4 certain rules have come into play here, certain rules as
5 to access, certain rules as to who can see what and who
6 can't see what. All of that has permeated your
7 proceeding. I am not suggesting that you are unfair.
8 What I am suggesting -- not suggesting. What I am
9 stating is that the long hand of the Independent Counsel
10 has woven itself into this proceeding to a point where I
11 can see definite prejudice arising, not the least of
12 which is this 9:30 file that we asked for four months
13 ago.

14 MR. LIMAN: Well, the Independent Counsel did
15 not tell us not to give him access to his papers.
16 Whatever he said to the White House, he never said it to
17 us and I think that maybe you want to counsel with your
18 client for a few minutes more and tell us whether or not
19 you want to proceed today or whether you want to resume
20 after he's looked at his documents.

21 MR. BECKLER: We shall confer and we will come
22 back in.

23 (A brief recess was taken.)

24 MR. LIMAN: What's your preference, Mr.
25 Beckler?

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1 MR. BECKLER: As I have stated before, we have
2 real problems with the control mechanism that the
3 Independent Counsel has executed over this whole
4 proceeding, highlighted once again by the absence of us
5 getting the complete 9:30 file, and we're not going to
6 proceed any further at this time.

7 MR. LIMAN: Okay. Then I will ask you to
8 return. If you need a subpoena, we'll give you one, but
9 when Admiral Poindexter returns from his vacation we'll
10 set the date, which would probably be Tuesday of that
11 week, and I would like you to make arrangements to come
12 over as soon as possible and we'll do a complete pull.

13 I have to tell you on the 9:30 file what we
14 have are the redacted excerpts that relate to our matter.
15 I will ask the White House counsel to let the Admiral see
16 his whole 9:30 file because it seems to me that it's
17 important that he be able to give his testimony in
18 context and even if we're not admitted to a particular
19 compartment if something there would refresh his
20 recollection he ought to see it.

21 I don't know whether I'll be successful, Mr.
22 Beckler, but if you call the White House as well maybe if
23 they hear from both of us that he is on the verge of
24 testifying that they will give him access to that whole
25 file.

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1 MR. BECKLER: All right. Let me just state
2 also that I made no commitments that we will return after
3 next week. I don't want there to be any misapprehensions
4 on that fact. The 9:30 file is emblematic of a large
5 problem.

6 And I should also state that we have
7 correspondence in our files -- I don't have them with me
8 right now -- where the Independent Counsel has
9 affirmatively instructed the White House not to provide
10 that kind of information to us. I was reminded of that
11 at our break, but I just wanted to point that out to you.

12 MR. LIMAN: Mr. Beckler, we expect him back,
13 and the last thing in the world that I think this country
14 needs is a contempt proceeding against a former National
15 Security Advisor. I think that the Admiral knows that we
16 have tried to be cooperative with him and we intend to
17 continue to be cooperative so that he has as much
18 documentation as we can give him to enable him to give
19 testimony.

20 Now he's not a file clerk and I don't intend
21 to have an examination about, you know, this document or
22 that document, which is the stuff which you do with files
23 clerks. I mean, there are some documents that are
24 important. There are a lot of other documents which we
25 have just showed to see whether or not they trigger a

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1 recollection, but he will have available those files that
 2 we have that were documents to or from him, and I hope he
 3 will have whatever he needs in his 9:30 file and whatever
 4 he needs in looking over his phone logs or appointment
 5 logs so that to the extent that particular time periods
 6 are important they are available to him.

7 MR. BECKLER: Well, Mr. Liman, as I said
 8 before, I have no problem with your cooperation.
 9 Unfortunately, that's not the problem.

10 MR. LIMAN: But I think that it's critical
 11 that he come back.

12 MR. BECKLER: We will take that under
 13 advisement. Thank you.

14 (Whereupon, at 12:14 p.m., the taking of the
 15 instant deposition recessed, to reconvene at a future
 16 date.)

17 _____
 18 Signature of the Witness
 19 Subscribed and sworn to before me this _____ day of
 20 _____, 1987.

21 _____
 22 Notary Public

23 My Commission Expires: _____

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CERTIFICATE OF REPORTER

I, Michael A. Schafer, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by ME; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewritten form under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michael Ann Schafer
NOTARY PUBLIC

My Commission expires: 2/28/90

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ORIGINAL

DEPOSITION OF
JOHN M. POINDEXTER

Testimony Declared to be
under provisions of
Ex. 12356
by B. Beale, Director, Security Council

Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives,
Washington, D.C.

Thursday, July 2, 1987

The deposition reconvened at 12:45 p.m. in Room 901,
Hart Building, subject to a change in reporters.

Present: Arthur L. Liman, Chief Counsel; James E. Kaplan,
Associate Counsel, United States Senate Select Committee on
Secret Military Assistance to Iran and the Nicaraguan
Opposition; W. Neil Eggleston, Deputy Chief Counsel; and
Richard J. Leon, Deputy Chief Minority Counsel, House Select
Committee to Investigate Covert Arms Transactions with Iran.

Also Present: Joseph T. Small Jr. and Richard W. Beckler,
Fulbright & Jaworski, attorneys at law.

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12:45 pm 1 Whereupon,

2

JOHN M. POINDEXTER

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having been previously duly sworn, was recalled as a witness

4

herein, and was further examined and testified as follows:

5

BY MR. LIMAN:

6

Q I have a question pending.

7

The question pending is, did you ever withhold any documents from Admiral Holloway when you were his Executive Assistant in order to give him deniability?

10

MR. BECKLER: Objection.

11

Do not answer that question.

12

BY MR. LIMAN:

13

Q Did you ever instruct any of your subordinates at the National Security Council to withhold information from you in order to give you deniability?

16

MR. BECKLER: You can answer that.

17

THE WITNESS: No, I did not. Not to my knowledge.

16

BY MR. LIMAN:

19

Q The records that we have seen, Admiral Poindexter, show that Ghorbanifar met with North in Washington, D.C. on April 3 and April 4, 1986, to discuss arrangements for delivery of Hawk parts and hostages and the upcoming meeting. That is in the Tower Report, as well.

24

- Do you have any recollection as you sit here today as to whether you briefed the President of the United States

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1 on the meetings that North was having with Ghorbanifar?

2 MR. BECKLER: I have a continuing objection.

3 Let's put it on the record at this time. I don't
4 think the reporter was here before.

5 Approximately two weeks ago we had a discussion,
6 which went on the record at the time of the deposition in
7 which we stated our position that we have been requesting
8 since December of 1986 the 0930 file and we finally found
9 out late yesterday we could have some access to it today,
10 which is unfortunately -- without access to that file we are
11 not prepared to answer questions about discussions with the
12 President.

13 Furthermore, I must say that this is not necessarily
14 the fault of the Senate Investigating Committee or the
15 House Investigating Committee, but rather it is yet another
16 indication of the Independent Counsel's attempt to, one,
17 give us immunity; two, try in every way he can to prosecute
18 us both for perjury as well as substantive offenses by
19 withholding our access to documents which parties to
20 litigation have, namely, the Senate has access to.

21 There has been a chain of events that have made it
22 almost impossible for Admiral Poindexter to adequately answer
23 any kinds of questions having to do with documents, access to
24 it, when and how he should get them, the fact that we have
25 looked at documents and we get them back and they come back

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1 to us from the Senate and they are reshuffled. There are
2 all kinds of problems.

3 We have been down here for 15 hours. We have
4 testified on the ^{record} record.

5 Many of these events that you are talking about
6 relate to events that have been testified to before.

7 MR. LIMAN: There has been no testimony about
8 whether he kept the President informed about Colonel North's
9 negotiations with Ghorbanifar.

10 Did you?

11 MR. BECKLER: We are not going to answer questions
12 about conversations with the President. We have already
13 said that.

14 BY MR. LIMAN:

15 Q Do you have any recollection on this subject?

16 Bearing in mind that your recollection may be
17 refreshed if you see a 0930 file, do you have any
18 recollection?

19 A Recollection of what?

20 Q Of keeping the President informed about North's
21 negotiations with Ghorbanifar.

22 MR. BECKLER: You can say you have a recollection.
23 You do have a recollection. You can say that.

24 THE WITNESS: I have a recollection. :.
25

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5

1 BY MR. LIMAN:

2 Q And can you tell me generally whether you did keep
3 the President informed of North's negotiations with
4 Ghorbanifar?

5 MR. BECKLER: At what period of time?

6 MR. LIMAN: Let's take the period in the month or
7 two leading up to the Tehran mission.

8 MR. BECKLER: Let's confer. Let's go outside here.

9 (Discussion off the record.)

10 BY MR. LIMAN:

11 Q Is there an answer to the question?

12 MR. BECKLER: No.

13 MR. LIMAN: You are not letting him answer?

14 MR. BECKLER: That is correct.

15 BY MR. LIMAN:

16 Q Admiral Poindexter, what is it you believe is in
17 your 930 files other than notes?

18 MR. BECKLER: We are not going --

19 BY MR. LIMAN:

20 Q What do 930 files contain other than your notes?

21 A They contain agendas of the items I discussed with
22 the President.

23 Q The handwritten notes?

24 A The handwritten notes.

25 MR. LIMAN: Mr. Beckler, the documents which we

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1 made available to you according to the NSC contain all of the
2 references in his notes to Iran or the contras. The
3 reason that we don't have the entire 930 file is because
4 they gave us only those portions which pertain to this.

5 I don't see what basis there is for his refusing
6 to give his recollection today as to whether he kept the
7 President informed of discussions with Ghorbanifar. He says
8 he has some recollection, he hasn't said there is any
9 document that would refresh him on that, and whatever he
10 says on this is subject to amplification or, as far as I
11 am concerned, correction if there is some document that would
12 lead to that result.

13 We are not trying -- I will make this clear,
14 because you are concerned the Independent Counsel will get
15 this transcript and if he makes a mistake will say, I am
16 going to prosecute him.

17 I am asking him for recollection of what he told
18 the President on this subject. He has an obligation to give
19 his honest recollection of that subject. That is all.

20 MR. BECKLER: I appreciate what you are saying,
21 Arthur.

22 Let's roll the clock back to December of 1986. We
23 made a request not for a lot of documents, but some relevant
24 documents. We are told by the White House -- you would hope
25 you could rely on the White House counsel. Peter Wallison

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1 writes us back saying documents are in the mail, coming
2 to you. We don't get them. Along comes Arthur Liman,
3 John Nields, and their investigative committee in their
4 efforts to make the public aware of the facts, and we are
5 told by you, Arthur Liman, that we will get the documents, not
6 initially, because you want to, quote, "test his credibility,"
7 test Admiral Poindexter's credibility, you want to do it over
8 the course of a whole weekend.

9 We said, okay, fine, you can test his credibility.
10 That was May 1 and May 2. As it turned out, we only used
11 Saturday, May 2. We had blocked out the weekend for that.
12 After testing the credibility, which I view as just that,
13 testing someone's credibility, which means is he telling the
14 truth or is he not telling the truth, we renew our request
15 for documents, and we don't see any documents.

16 We don't see any documents until two days ago
17 basically, some almost two months later. When do we see
18 them?

19 Just when we are coming back down here. Now, that
20 is what I am talking about.

21 Now, I understand that that is not your fault,
22 per se. Because the reason for that is because the White
23 House won't make the move without the Independent Counsel
24 telling the White House what it can or cannot do.

25 As I said on the record, two weeks ago the

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1 Independent Counsel told the White House if they cooperate
2 with anybody, they are going to be charged with obstruction.
3 So the problem is the Independent Counsel. And the reason
4 why, it is not only the documents, it is the transcripts,
5 as well.

6 May 2, when do we get to look at the transcript?
7 The day before his testimony, two months later.

8 Why? Because there is an agreement with the
9 Independent Counsel that the stenographer's notes will not
10 be transcribed until "X" date and so forth and so on.

11 There is an agreement with the Independent Counsel
12 as to when those transcripts will be allowed to leave this
13 room and this premises. It is ludicrous to say that a
14 transcript such as this of a deposition, which I presume
15 if in good faith you are preparing for your public
16 testimony, that this transcript, and I refer now to the
17 transcript of Saturday, May 2, 1987, 99 percent of this
18 will become public whenever Admiral Poindexter testifies,
19 but yet this transcript is not allowed to be in our
20 possession outside of certain hours on certain days and at
21 certain times, all because of agreements with the Independent
22 Counsel.

23 MR. LIMAN: No, sir. The reason you can't have
24 the transcript is because it is top secret. We are not
25 going to release this transcript.

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1 If we do, it would have to be declassified.

2 In general, we have not when a witness has testified in
3 public session also produced his transcript.

4 MR. BECKLER: We are not asking to have the
5 public.

6 MR. LIMAN: That is the problem inherent in this
7 situation. If there was a document, Mr. Beckler, that I could
8 show him from the excerpts of the briefing notes that would
9 refresh his recollection on Ghorbanifar in April or May, I
10 would give it to him.

11 I don't have that. He has had the Tower Report,
12 he has had additional documents. He has a recollection.
13 Whatever that recollection is, I am entitled to it.

14 He is also entitled to say that this is my best
15 recollection now and it could be refreshed by more if it
16 exists.

17 You have taken a position, I am not going to
18 spend the rest of the day debating with you. Either you let
19 him answer the question or it will be held until the public
20 hearings.

21 MR. BECKLER: Let's hold it till the public
22 hearings.

23 MR. LIMAN: Let's go on.

24 BY MR. LIMAN:

25 Q Let's go to November 25, 1986. On November 26, 1986,

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1 which is the day that North is --

2 MR. BECKLER: November 26?

3 MR. LIMAN: November 25, 1986, which is the day that
4 you resigned your position and Colonel North was fired.

5 BY MR. LIMAN:

6 Q Did you have any conversation with him about a
7 conversation or proposed conversation between the Vice
8 President and Peres of Israel?

9 A I am not certain.

10 Q Did you ever have any discussion --

11 A May have. I just have no recollection.

12 Q Did you ever have any discussion with the Vice
13 President about trying to persuade Israel to acknowledge
14 responsibility for the diversion of funds?

15 A Did I ever have any conversation with anybody?

16 Q With the Vice President?

17 A With the Vice President?

18 I don't believe so.

19 Q With anyone?

20 A I don't think so.

21 Q I said with anyone. I want to make sure you heard
22 that.

23 A I don't think so.

24 MR. BECKLER: Subject to refreshing your
25 recollection. If you got documents there that catalogue the

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1 conversation, we will be happy to talk about it.

2 THE WITNESS: Would you rephrase the last question,
3 please?

4 BY MR. LIMAN:

5 Q Did you have any conversation with anyone in
6 November of 1986 about inducing Israel to accept responsibility
7 for the diversion of proceeds from the Iranian arms sales
8 to support the contras?

9 A I don't recall any conversation like that.

10 MR. BECKLER: On that date?

11 THE WITNESS: On that date.

12 BY MR. LIMAN:

13 Q Or in November of 1986?

14 A Nor in November of 1986.

15 Q Do you recall any conversation as to whether
16 Israel was aware of the diversion?

17 A Yes.

18 Q With whom did you have that conversation?

19 A I had a conversation with Colonel North at
20 some point, the latter part of November, as to whether
21 Nir was aware --

22 Q Aware of the diversion?

23 A -- of the diversion.

24 Q Was this before or after the Attorney General had
25 spoken to North?

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1 A I think it was after. It was probably on Monday.

2 Q Monday would have been the 24th?

3 A Probably.

4 Q What do you recall of that conversation, Admiral?

5 A I simply recall telling Colonel North that he
6 needed to be sure that the Israelis were not surprised, or
7 words to that effect.

8 Q Do I understand that what you were conveying to him
9 was that he should advise the Israelis that this was going to
10 come out?

11 A That is correct.

12 Q You indicated before that you wanted accurate,
13 factual chronologies. Do you recall that?

14 A That is correct.

15 Q And that the one thing that was not to be in the
16 chronologies was the diversion?

17 A That is correct.

18 Q Did you tell that to Oliver North?

19 A I believe I did. Certainly that was my intent.
20 I think I communicated it to him.

21 It is important, I think, in terms of the
22 circumstances that existed in November that -- the thing
23 that had leaped out was the Iranian project, so all of the
24 focus of the chronology and a narrative of the affair was
25 oriented towards Iran, not towards the contras, which I always

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1 considered a separate issue.

2 Q You considered a separate issue as to how the money
3 that was generated by the arms sales was spent?

4 A That is correct.

5 MR. LEON: Let me ask one question on that point.
6 Arthur questioned you about before about Ollie's discussions
7 with you with regard to Nir --

8 THE WITNESS: It was really my discussion --

9 BY MR. LEON:

10 Q Excuse me. Had he at any time on that day,
11 prior to that day, said to you in any way, shape or form
12 that it was Nir's idea or Israel's idea to divert the funds?

13 A I don't recall that.

14 BY MR. LIMAN:

15 Q Do you recall that you testified at your first
16 session that North told you some time in February, and you
17 weren't precise on the date, that he had figured out a way
18 of getting some money to the contras from the arms sales?

19 A I can't remember his exact words, but that was my
20 memory.

21 Q As you sit here today, is it your best recollection
22 that this was something that North came up with and was
23 presented to you?

24 A I don't think I would say that it was something
25 he came up with. From my recollection of our conversation on

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1 that, it wasn't at all clear to me who came up with the idea.

2 Q Did you ask him?

3 A I don't recall asking him that.

4 Q Did he ever mention whether it was Second?

5 A I just don't know that.

6 Q Ghorbanifar?

7 A I am sorry, I don't recall.

8 Q Nir?

9 A He was just --

10 MR. BECKLER: You have answered the question.

11 MR. LIMAN: I will mark as the next exhibit two
12 notes from Admiral Poindexter, one dated April 16, 1986, the
13 other dated April 22, 1986. The first is to Oliver North,
14 the second is to McFarlane.

15 (Exhibits 41 and 42 were marked for identification.)

16 BY MR. LIMAN:

17 Q Admiral, if you look at 41, this is a PROF note
18 that is from you to Oliver North, and it states, among
19 other things, that "there are not to be any parts delivered
20 until all the hostages are free in accordance with the plan
21 that you laid out for me before."

22 It goes on to say, "Also, you may tell them that
23 the President is getting very annoyed at their continual
24 stalling."

25 Now, first, do you recall telling Colonel North

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1 at or about this date that the hostages had to be freed
2 before there would be any parts delivered?

3 A Yes, I recall that.

4 Q And was it a fact also that the President was
5 becoming annoyed at the stalling?

6 A To the best of my knowledge.

7 Q And the memorandum, rather, the PROF note,
8 Admiral, from you, Admiral Poindexter, to Mr. McFarlane
9 dated April 22, 1986 also has a reference to the fact that the
10 sequence has to be meeting, release of hostages, delivery of
11 Hawk parts, the President is getting quite discouraged by
12 this effort.

13 Is that an accurate reflection of the President's
14 attitude at that time?

15 A In my opinion.

16 Q Was that based upon your conversations with the
17 President?

18 A That is correct.

19 Q I neglected to ask you when I was asking you about
20 the conversations on the diversion in November, do you
21 recall whether prior to Colonel North's meeting with the
22 Attorney General, did he ever ask you point blank whether you
23 had discussed the diversion with the President of the
24 United States?

25 A I don't remember that.

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1 Q Were you aware that North was going to be meeting
2 with the President of the United States on that Sunday,
3 November 23, with the Attorney General on November 23?

4 A I don't believe I was aware of that.

5 Q And you testified that after the meeting he called
6 you.

7 A That is right.

8 Q And he told you at that time that the diversion had
9 come up, correct?

10 A Yes.

11 Q He also met with you the following morning on this
12 subject?

13 A I believe he did, or we may have talked by
14 telephone, I am not sure.

15 Q Either in that telephone conversation on Sunday
16 or in the meeting on Monday, did he ask you whether the
17 President of the United States was aware?

18 A I am almost certain that he didn't in the
19 telephone call. And I don't remember in the meeting on
20 Monday, it is possible, but I don't remember that.

21 Q Did you ask him whether the Attorney General had
22 asked him about the President's knowledge?

23 A I simply don't remember that. My recollection of
24 that is not very clear.

25 Q When is the first time that you recall Oliver North

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1 asking you whether the President was aware of the diversion?

2 A Say that again.

3 Q When is the first time, if any, that you recall
4 Oliver North asking you about whether the President was
5 aware of the diversion?

6 A I don't recall his asking me that.

7 Q Do you recall ever telling him that?

8 A No, I don't recall that.

9 Q Now, there came a time when the Attorney General
10 asked you about your knowledge of the diversion, am I
11 correct?

12 A That is correct.

13 Q And that was on the Monday?

14 A That is correct.

15 Q Did you tell that Attorney General that you had
16 approved the diversion?

17 A My recollection is that I told the Attorney
18 General that I had a general knowledge of the diversion.

19 Q Why didn't you tell him you had approved it?

20 A I don't know. Instinct thought it was better not
21 to at the time, I think.

22 Q Instinct for what?

23 A I just wasn't sure what was going to happen at that
24 point, and just decided to say it that way, which was true.

25 Q When you say what was going to happen, what do you

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1 mean by that?

2 A Well, it wasn't at all clear. I offered to resign,
3 and it wasn't clear whether I would or wouldn't at that point,
4 and I just decided to be cautious.

5 Q Was the Attorney General upset about the
6 diversion when he talked to you?

7 A No, he was not.

8 Q Did he suggest to you in any way that this might
9 lead to an independent counsel or criminal prosecution?

10 A No, he did not.

11 Q He didn't give you warnings, I take it?

12 A No. It was a very informal chat in my office that
13 lasted a very short period of time.

14 Q Was Don Regan with him when he was asking you these
15 questions?

16 A No, he wasn't. It was just Ed Meese and me.

17 Q Did the Attorney General ask you whether the
18 President knew?

19 A I don't recall he asked me that question.

20 Q Did you have your meeting with Don Regan -- was
21 it afterwards?

22 A No. Well, it was afterwards, yes, the following
23 day.

24 MR. BECKLER: This would have been on what day now?

25 THE WITNESS: Tuesday, the 25th.

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1 BY MR. LIMAN:

2 Q What did Don Regan say to you about the diversion
3 and what did you say to him?

4 A I think, as I recall, I told him the same thing
5 that I had told the Attorney General, that I had general
6 knowledge of the diversion and that I was going to resign.

7 Q Did Don Regan put the question to you, "Did you
8 tell the President about it?"

9 A I don't recall that. He may have. I just don't
10 recall it.

11 Q Did anyone say to you, other than the Attorney
12 General and Don Regan, "Admiral Poindexter, why did you do such
13 a stupid thing as ^{letting} ~~letting~~ this happen?"

14 MR. BECKLER: I have got to object to that.

15 BY MR. LIMAN:

16 Q Okay. Did anyone say to you, Admiral Poindexter --
17 did either the Attorney General or Don Regan say to you,
18 "Why did you let this happen?" Words or substance.

19 A That sort of expression was never made.

20 Q Did they scold you in any way?

21 A None whatsoever.

22 Q There was no sense of reprimand?

23 A None.

24 MR. BECKLER: Off the record.

25 (Off the record.)

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1 BY MR. LIMAN:

2 Q Did they compliment you for the fact it was a way
3 of getting funds for the contras from the Ayatollah?

4 A No. I don't recall that.

5 Q Did they express sympathy for your situation?

6 A Yes, they did.

7 Q Who was it that expressed sympathy? The whole
8 White House group?

9 A The Attorney General, Don Regan, the President and
10 Vice President.

11 MR. BECKLER: Let's clarify that.

12 BY MR. LIMAN:

13 Q What did the Vice President say?

14 A That may be an unfair characterization.

15 Q If we know what he said --

16 A I can't remember exactly what he said. The
17 impression I have at this point was that he, with the
18 others, regretted that the situation --

19 MR. BECKLER: What situation, that you were
20 resigning?

21 A That I was resigning. That is what I was going to
22 say.

23 BY MR. LIMAN:

24 Q Were you going to say that the situation, really
25 made it necessary for you to resign?

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1 A As I have said before, my whole rationale in telling
2 the Attorney General on Monday that I was prepared to resign
3 was that I thought that would give the President more
4 latitude in how he handled the case.

5 Q And the President, I think you said, commented to
6 you that the captain has to take responsibility?

7 A He didn't say it quite that way. He said it is
8 in the tradition of the captain accepting responsibility.

9 Q Is that the naval tradition?

10 A Yes, it is.

11 Q And in this case the captain was the admiral,
12 not the commander-in-chief?

13 A That is correct.

14 MR. BECKLER: Remember, an admiral can be a captain,
15 the captain of a ship. It is possible in the sense, you know -

16 MR. LIMAN: Okay.

17 BY MR. LIMAN:

18 Q And the words of the Attorney General, were they
19 to the same effect, about being sorry that you had to
20 resign?

21 A Yes.

22 Q And Regan?

23 A The same.

24 Q Do you have any knowledge as to whether the
25 Vice President knew anything about the diversion prior to that

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1 Monday or Tuesday?

2 A I have no reason to believe that he did.

3 Q Or his National Security Adviser?

4 A Not to my knowledge.

5 MR. BECKLER: I just want to clarify that. He is
6 not called National Security Adviser.

7 MR. LIMAN: He calls himself the National
8 Security Adviser to the Vice President, the first one the *Yea*
9 President has ever had. *X*

10 BY MR. LIMAN:

11 Q At the last session we reviewed minutes of the NSPG
12 on May 16, 1996, at which there was a discussion of third.
13 country funding, a suggestion by the Secretary of State that
14 that was the only practical means of getting bridge funding
15 and a conclusion at the meeting that a list of potential
16 third country donors would be prepared. Do you remember
17 that?

18 A I remember that.

19 Q Now, that meeting of the NSPG was on May 16.

20 I want to show you a document that has been marked
21 previously as Exhibit 18, which was written at 419, the very
22 same day, by Oliver North to you.

23 MR. LEON: Hold it, Arthur. I think you just
24 stated 4/19/86, and this document says 5/16.

25 MR. LIMAN: 5/16.

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1 THE WITNESS: Is this an exhibit?

2 MR. LIMAN: Yes.

3 MR. BECKLER: This is number 18.

4 MR. LIMAN: I said that it was written at 419, the
5 same day I think. 419 p.m.

6 MR. BECKLER: 1600, that is 4:00 p.m.

7 BY MR. LIMAN:

8 Q What I am going to direct your attention to,
9 Admiral, is Colonel North's statement "you should be aware
10 that the resistance support organization now has more than
11 \$6 million available for immediate disbursement. This reduces
12 the need to go to third countries for help."

13 Remember, we went over this PROF note before.

14 A Yes.

15 MR. BECKLER: Let's take a look at it, unless
16 it is going to be just a low-ball question.

17 MR. LIMAN: It is going to be a very low-ball
18 question.

19 BY MR. LIMAN:

20 Q Did you discuss with anyone other than Colonel
21 North the fact that the need for bridge funding from third
22 countries was now going to be less than what was discussed
23 earlier in the afternoon at the NSPG meeting?

24 A I did not, to the best of my knowledge.

25 Q Did you report to the President of the money

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1 that you had been talking about in bridge funding that
2 Colonel North had indicated that six million was already
3 available?

4 MR. BECKLER: Arthur, I have a continuing
5 objection to his reports to the President based on my
6 previous objection.

7 I am going to direct him not to answer that.

8 MR. LEON: Mr. Beckler, let me ask you a question.
9 Is it your position that if you get an opportunity that you
10 deem to be sufficient in terms of amount of time to review
11 this 0930 file, that having done that, let's say next week,
12 at the beginning of next week, that having done that you would
13 be willing and available to answer questions like the one
14 Mr. Liman just propounded?

15 MR. BECKLER: The answer is no. We are at the
16 11th hour. My client and I and my co-counsel, Mr. Small,
17 are going to be preparing extensively all next week amongst
18 ourselves.

19 We also have an obligation, as I am sure anyone
20 would, to watch the testimony, if he testifies. I don't
21 know if he will or not.

22 The fact is we have answered the questions on
23 conversations with the President. Our next group of questions
24 on that will be in public testimony.

25 MR. LEON: Mr. Beckler, Colonel North doesn't

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1 take the stand until Tuesday, as of today's plan. And if
2 those files that you have been referring to here
3 extensively were available to you Monday morning, let's
4 say, to review for a number of hours, couldn't at that
5 point, having reviewed them and refreshed his recollection
6 more fully, the Admiral be available to answer those questions?

7 MR. BECKLER: No. That is the whole point that I
8 was saying, Mr. Leon, before. We have been up here, we have
9 testified, we have answered questions about the Admiral's
10 conversations with the President.

11 We made a request a long time ago for these documents
12 we haven't gotten them. Giving them to us now makes no
13 difference.

14 MR. LIMAN: Did you give your portions of the
15 930 file to the NSC? You had notes of meetings of the
16 President we got pursuant to immunity.

17 MR. SMALL: We never had -- the 930 file --

18 MR. LIMAN: You may not call those notes of briefings
19 with the President which you produced to us the first day
20 pursuant to the immunity order part of the 930 file, but
21 what I have gotten from the NSC as the portions of the 930
22 file are almost indistinguishable from what you produced to
23 us.

24 MR. BECKLER: I am telling you what we produced
25 to you was not anything from the 0930 file. When did we

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1 produce them to you?

2 MR. LIMAN: Pursuant to an immunity order.

3 MR. BECKLER: When?

4 May 2. What did we get back? Zero. Nothing.

5 MR. LIMAN: I am going to tell you, I think you
6 are probably going to find on this subject in the 930 files
7 very, very little, because the 930 files that we have seen on
8 just these kinds of little notes do not purport to be a full
9 account of what happened at meetings with the President.

10 Let me ask you questions.

11 BY MR. LIMAN:

12 Q In the 930 file, was there a listing of all
13 subjects discussed with the President?

14 A Usually. Sometimes I would add things the last
15 minute which weren't on the agenda, but generally that is
16 true.

17 Q And was this true while you were the National
18 Security Adviser?

19 A That is correct.

20 Q So that in your 930 file you would list what
21 you intended to discuss with the President of the United
22 States?

23 A That is correct.

24 Q And would that be presented to him as an agenda of
25 the meeting?

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1 A No. I -- well, in effect, it was the agenda for
2 the meeting, but I didn't give him a copy. I just had it
3 in front of me.

4 Q Were they typed?

5 A No, handwritten.

6 Q Just handwritten notes?

7 A Yes.

8 Q Were there subjects that you discussed that
9 sometimes were not on those notes?

10 A That is correct. Sometimes he would ask me a
11 question which I hadn't planned to discuss, but then we
12 would go ahead and discuss it?

13 Q Did you always cover every subject that was on those
14 little handwritten notes?

15 A Not all the time, no.

16 Q Were these notes that you prepared for the 930
17 file really reminders to you of subjects that you wanted to
18 take up?

19 A That is correct.

20 Q And is it fair to say that there would be occasions
21 you wouldn't cover all those subjects.

22 A That is correct.

23 Q And there would be occasions when you would
24 cover subjects that weren't on there?

25 A That is correct.

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1 Q How would you know from looking at your 930
2 file which subjects were covered and which ones weren't?

3 MR. BECKLER: You don't have to answer that.

4 MR. LIMAN: Would you mark as the next exhibit a
5 PROF note from the Admiral to Mr. Fortier. It is dated
6 May 2, 1986.

7 (Exhibit 43 was marked for identification.)

8 BY MR. LIMAN:

9 Q Admiral, if you will look at this PROF note, I
10 will direct your attention to the second paragraph where it
11 says "Next, yesterday in a meeting that I had with the
12 President, he started the conversation with 'I am really
13 serious. If we can't move the contra package before
14 June 9, I want to figure out a way to take action unilaterally
15 to provide assistance.' "

16 Do you see that?

17 A Yes, sir.

18 Q Do you remember that conversation?

19 A Vaguely.

20 Q If you put it down in this PROF note to Mr. Fortier,
21 did it happen?

22 A Yes.

23 Q Do you remember what unilateral action the
24 President of the United States was considering taking?

25 A I don't recall that he specified any, but he was

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1 not willing to drop the support of his objective of
2 establishing a democracy. That was clear -- the position on
3 that was clear from sometime in 1981 until I left the
4 White House.

5 Q Had he ever before said that he wanted to take
6 action unilaterally?

7 A I can't say that I can recall his using that exact
8 formulation before.

9 Q The word "unilaterally" does that mean taking
10 action without congressional approval? Is that what you
11 were conveying?

12 A That is what I was conveying.




13 Q And that the President would be exercising his
14 constitutional prerogatives?

15 A That is correct.

16 Q And do you remember that Colonel North got hold of
17 this and suggested the way to take action unilaterally
18 was to seize a part of Nicaragua and recognize it?

19 A I remember that Colonel North replied to this --
20 I believe I sent him a copy of it, yes, I did.

21 Q In any event, you never approved 

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24 
25 A That was never approved.

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1 Q Was it ever elevated to the President?

2 A I can't recall that.

3 Q Is it fair to say only if you regarded something as
4 a serious, feasible proposal that you would elevate it to the
5 President?

6 A That is correct.

7 MR. LEON: Before you switch subjects --

8 THE WITNESS: I am not saying that it wasn't
9 serious.

10 MR. LIMAN: I said "feasible" also.

11 MR. LEON: On this one point when the President
12 suggested he might act unilaterally, did he give you the
13 impression in any way, shape or form by suggesting that
14 he intended to act outside of the law in any way?

15 THE WITNESS: None whatsoever. All with -- the
16 point, as I recall, is that he wanted us to think about ways
17 he would under the Constitution lawfully act unilaterally.

18 MR. LIMAN: Mark as the next exhibits two
19 memoranda, one from Oliver North to you dated July 17,
20 1986 --

21 MR. LEON: That will be Exhibit 44?

22 MR. LIMAN: Yes. And Exhibit 45 is a memorandum
23 of July 28, 1986 from you to the President that was prepared
24 by Oliver North and bears the initials "R.R." After you
25 have looked at it, the question I have is for you to

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1 explain to me why you elevated this issue of Mr. Terrell
2 to the President of the United States.

3 (Exhibits 44 and 45 were marked for identification.)

4 MR. BECKLER: What is the page number?

5 MR. LIMAN: It is right on the --

6 MR. BECKLER: Somebody flipped over something to me
7 that is different.

8 MR. LIMAN: One is the memorandum from Mr. North
9 to Mr. Poindexter, and it has, if you look at that -- that
10 is Exhibit 44.

11 If you look at page 2 --

12 MR. BECKLER: Which one do you have there, Arthur?
13 What is on the top, memorandum for the President?

14 MR. LIMAN: That is Exhibit 45.

15 MR. BECKLER: What is the number of that?

16 MR. LIMAN: That is 45.

17 MR. BECKLER: All right.

18 MR. LIMAN: The other memorandum, which is 44,
19 is a memorandum from Oliver North with the recommendation
20 that says "that you discuss this matter with the Attorney
21 General and the President, as appropriate."

22 MR. BECKLER: There is one marked 45907.

23 MR. KAPLAN: It is probably just a mistake in
24 copying.

25 MR. LEON: That should be an attachment. N-45907,

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1 Mr. Beckler, which is a memorandum from Colonel North to
2 Admiral Poindexter on July 25 is attached as an addition to
3 Exhibit 45, which is the memo from the Admiral to the
4 President, N-45896.

end #1

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BY MR. LIMAN:

- 1
- 2 Q Look at Exhibit 44. Is that your handwriting?
- 3 A Yes.
- 4 Q What does it say?
- 5 A "Ollie, give me another memo for the President,
- 6 this time including the results of OSG. What do you want me
- 7 to tell the AG?
- 8 Q If you look at Exhibit 45, are those your initials
- 9 on the memorandum to the President?
- 10 A Yes, they are.
- 11 Q Are those the President's initials, do you know?
- 12 A Yes.
- 13 Q That means that he has seen that memorandum?
- 14 A That he has seen it and probably read it.
- 15 Q And it was your decision to present this to the
- 16 President of the United States?
- 17 A That is correct.
- 18 Q Do you recall the incident now, as you sit here
- 19 now?
- 20 A No. I haven't had a chance to read either one
- 21 of them yet.
- 22 Q Well, if you look at -- I would ask you to look
- 23 at 44. Tell me as you read Exhibit 44 why it is that you
- 24 asked Oliver North to prepare a memorandum from you to the
- 25 President of the United States?

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A Your question is?

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Q Why did you elevate that to the President?

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A Because the talks about a possible assassination attempt against him.

4

5

Q That was the reason for sending that to the President?

6

7

A Those things are always judgment calls, but reading it now, I would guess that that was my rationale.

8

9

Q What is the reference in that memorandum to Project Democracy Security Officer, and who is the Project Democracy Security Officer?

10

11

A I don't know that.

12

13

Q Did you ever discuss with the President of the United States the lawsuit that is described here as Avirgan/Honey lawsuit, in the first paragraph of the note?

14

15

A I don't know the answer to that.

16

17

Q At the time that you elevated this to the President of the United States, did anyone tell you other than North that Terrell was threatening the President of the United States?

18

19

20

MR. BECKLER: Wait a minute. You said in the first paragraph of his note to the President, there is a lawsuit --

21

22

23

MR. LIMAN: I did not say that, and if you would listen and stop interrupting the examination, he is looking at the memorandum from North to him, which led him to ask

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1 North to prepare the memo for the President. At the time he
2 asked North to prepare the memo for the President, he obviously
3 didn't have a memorandum to the President in front of him.
4 I am asking him what in the memorandum from North led him to
5 do it.

6 Now, the question was: did you ever discuss with
7 the President this lawsuit?

8 MR. LEON: In Exhibit 44, Arthur, right?

9 THE WITNESS: Is that in Exhibit 45?

10 MR. BECKLER: You have to read Exhibit 45. That is
11 what I am saying. What he discussed with the President is
12 in his memo from him to the President.

13 MR. LIMAN: Is that your testimony? The only
14 thing you discussed with the --

15 MR. BECKLER: That is not his testimony. In
16 light of the question -- the best thing as to what he told
17 the President is what is in the memo from him to the President
18 not what is in the memo from North to him.

19 MR. LIMAN: That is your testimony, discussion is
20 in the memo?

21 MR. BECKLER: My testimony is as good as yours.

22 MR. LIMAN: Mine was a question.

23 MR. BECKLER: Yours was more than a question.

24 MR. LIMAN: Is this the way you intend to conduct
25 yourself at our hearings?

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1 MR. BECKLER: I intend to protect the rights of
2 my client, period. That is what I intend to do.

3 BY MR. LIMAN: I would like the record to reflect,
4 Mr. Beckler, there is a difference between protecting the
5 rights of a client and obstruction of an examination.

6 MR. BECKLER: If you are calling me on obstruction
7 of an investigation, that is your prerogative, Mr. Liman.
8 We will let others judge that. You know, I find it interest-
9 ing, too. I read in the paper the other day that others were
10 accused of obstruction of investigation, too. Is that the
11 tactic of this committee, to accuse lawyers of obstructing
12 an investigation because they object to certain questions?

13 MR. LIMAN: I didn't see anything in the paper
14 about that, nor did I --

15 MR. BECKLER: I read something in the paper the
16 other day about obstruction by lawyers with a reference to
17 documents.

18 MR. LIMAN: You ^{didn't hear} ~~said here~~ it from us.

19 MR. BECKLER: I read it in the paper. But I am
20 hearing it from you, which confirms some of the things I read
21 in newspapers when you talk about obstructing investigations.

22 MR. LIMAN: The record will reflect the way
23 you are conducting yourselves today.

24 MR. BECKLER: The record will reflect the way
25 you are conducting yourselves.

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1 This isn't my 20 minutes. I am excluding from
2 my 20 minutes his speeches.

3 MR. LEON: Off the record.

4 (Discussion off the record.)

5 THE WITNESS: I have read both of them now. What
6 is the question?

7 BY MR. LIMAN:

8 Q The question is: Did you discuss that lawsuit
9 with the President of the United States?

10 A Well, it is mentioned in the second page of
11 Exhibit 45.

12 Q Do you have any recollection of discussing it
13 with the President of the United States?

14 A I don't have any -- other than this memo -- I
15 don't have any other recollection.

16 Q Did you follow the progress of that lawsuit?

17 A I did not.

18 Q Were you aware that a lawsuit was brought against
19 Second and others?

20 A I obviously was, because that is covered in --

21 Q In the exhibit?

22 A -- In Exhibit 44.

23 Q Were you aware of the fact a lawsuit was brought
24 against Second and others before this was sent to you?

25 A I can't remember that. I may have been. But,

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1 as I said, I did not follow that closely.

2 Q Did Colonel North tell you ^{QA} that he felt he was
3 being harassed at his home by opponents of the contras?

4 A I, yes, recall -- I am not sure ^{that} ~~his~~ his home was
5 harassed.

6 Q Did he ever ask you to seek protection for him?

7 A I can't recall that. You know, that is something
8 that probably would not have come to me. It would have come
9 to the administrative people on the staff.

10 Q You just don't recall?

11 A I just don't recall. The one incident I do
12 recall, and I am not sure Colonel North told me or somebody
13 else, but I was aware that somebody had done some damage to
14 one of his automobiles or something. I can't remember
15 exactly what it was, but he was clearly in a vulnerable
16 position.

17 Q Were there mechanisms for providing protection
18 for people in vulnerable positions?

19 A For senior people, the government does have
20 provisions.

21 Q Did he ever ask your permission to have General
22 Secord provide a security system for him?

23 A I don't recall that.

24 MR. LIMAN: I will mark as the next exhibit a
25 memorandum dated July 29, 1986, from Oliver North to you

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1 entitled "Next steps on the American hostages."

2 (Exhibit Number 46 was marked for identification.)

3 BY MR. LIMAN:

4 Q Admiral, the only question I am going to have on
5 this one is if you look at the last page. It says
6 "recommendations, that you brief the President regarding our
7 conclusions on the Jenco release as indicated above and
8 obtain his approval for having the 240 Hawk missile parts
9 shipped from Israel to Iran as soon as possible, followed by
10 a meeting with the Iranians in Europe."

11 Then is that your signature or initials -- JP --
12 next to approved?

13 A It is.

14 Q It says "President approved, JP." That is your
15 writing?

16 A That is my writing.

17 Q Does that signify you in fact briefed the
18 President and he approved what was proposed?

19 A That is correct.

20 Q And this is a System 4 document?

21 A Yes, it is.

22 Q Were you familiar with the System 4?

23 A Yes.

24 Q And did you ever ask anyone to delete any
25 documents from System 4?

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1 A The only conversation that I can recall even that
2 is remotely connected to that is the one I gave you on May 2,
3 my conversation with Mr. DeGraffenreid.

4 Q Were you familiar with the steps that would have
5 to be taken to delete a document System 4 so there would be
6 no reference to it left in the files?

7 A I can't say I was that familiar with the details
8 of how the files were maintained.

9 Q It is fair to say you never actually worked with
10 the computer to remove the reference to documents in System
11 4.

12 A No, I did not.

13 Q Did anyone ever tell you that there were any
14 System 4 documents that referred to the ~~diversion?~~ ^{diversion?}

15 A No, I don't believe so.

16 Q Now, let's go to exhibit --

17 MR. LEON: While he is looking for that, would
18 you look at the last page of that last exhibit? It has a
19 number 44489. It says in the middle in handwriting, "seven
20 pages withdrawn." It looks like "4020-87, with the
21 initials LDC. Do you recognize the initials?

22 A No.

23 Q Have you ever seen this page, this document
24 numbers N 44489, that is attached to this memorandum of July
25 29 prior to today?

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1 A I don't believe so.

2 Q You had no knowledge or involvement in the
3 withdrawal of those seven pages, as indicated in that
4 notification, did you?

5 A No.

6 BY MR. LIMAN:

7 Q That is not going to come out of my time either,
8 I can assure you, because I think you are well aware those
9 seven pages were withdrawn by the NSC, because they did not
10 feel that they ought to be shared with the committees, that
11 we needed them.

12 MR. LEON: I didn't know that.

13 MR. LIMAN: You can see the date -- 4/20/87 --
14 that they were removed so we wouldn't have sources --

15 MR. BECKLER: That does come out of your time,
16 your response.

17 MR. LIMAN: No, it doesn't.

18 The next documents are two documents -- Exhibit
19 47 is a memorandum dated September 2, 1986 from Oliver North
20 to Admiral Poindexter headed "Next Steps," and the document
21 following that is a September 8, 1986 memorandum from Oliver
22 North to Admiral Poindexter, also entitled "Next Steps."

23 (Exhibits 47 and 48 were marked for
24 identification.)
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BY MR. LIMAN:

Q If you will look at Exhibit 47 first, what does nonlog mean?

MR. SMALL: This is the reference up in the upper right hand corner of Exhibit 47?

MR. LIMAN: Right.

THE WITNESS: Nonlog means it is not in System 1, 3, or 4, or 1, 2 and 4.

BY MR. LIMAN:

Q Who kept nonlog documents?

A The staff officer that originated it usually.

Q Did nonlog provide a greater degree of security?

A Well, a nonlog was not a formal -- it was an informal mechanism that the staff used sometimes. We let them do it, but generally we try to involve nonlog items.

Q Was it used to provide greater security and compartmentalization?

A Not in any sort of premeditated way. It was just, if a staff officer felt that it didn't need to be logged in a system, he would use that. We generally tried to discourage it.

Q Did you keep any nonlog documents in your files?

A It is conceivable.

Q If a staff officer would originate a nonlog document to you, would you send it back to that officer in

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1 the normal course?

2 A I may have from time to time, but usually after
3 -- first of all, I am not sure I have seen this, so I am
4 answering general questions about nonlog items. But my
5 usual procedure was to, after reading a document, put it in
6 my outbasket. I didn't keep close tabs of what the outer
7 office did with the memos then, whether they were filed in
8 the outer office or whether they were sent to the regular mail
9 clerk.

10 Q Did you keep your own files on Iran?

11 A The only thing I kept would have been very -- I
12 didn't really have a file on Iran. As I testified before, I
13 kept a stack of papers on my desk of things that I thought I
14 might have to refer to.

15 Q Working files?

16 A Working files, yes. I did not keep large personal
17 files.

18 Q You weren't squirrel for documents like Oliver
19 North was?

20 MR. BECKLER: You can say what you are.

21 BY MR. LIMAN:

22 Q Did you ever go to his office?

23 A I don't recall ever being in his office.

24 -Q Did you know that he was a collector of documents,
25 sir?

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1 A I am not sure how you define collector of
2 documents.

3 Q That he kept more documents than ^{any} you did?

4 A He apparently did.

5 Q Are you able to identify your check marks from
6 anyone else's?

7 A No.

8 Q This had a check mark but you can't identify who
9 put that on here?

10 A I sign my initials two ways, one, this way, and
11 one JP.

12 Q This doesn't have an initial, it has a check mark.

13 MR. LEON: For the record, which one?

14 MR. LIMAN: He was referring to Exhibit 45 as
15 one of the ways.

16 MR. LEON: How about the check mark?

17 MR. LIMAN: We were just looking at Exhibit 47.

18 THE WITNESS: Exhibit 46 has one of the two ways
19 and Exhibit 45 has the other.

20 BY MR. LIMAN:

21 Q I will show you Exhibit 48, which is a memorandum
22 dated September 8, 1986 from North to you. Again, it is a
23 "Next Steps" memo, and it has an approval with a check mark.
24 I take-it you cannot tell whether that is your check mark or
25 not?

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1 A I can't tell whether that is my check mark or not.

2 Q Did the President of the United States approve
3 the opening of the second channel?

4 A Yes.

5 Q Did the President of the United States approve
6 the shipment of 500 TOWs to the second channel or through
7 the second channel?

8 A Yes.

9 Q Were you aware, sir, that under the arrangements
10 that were made with the second channel that you would not
11 be receiving all of the hostages upon the delivery of the
12 500 TOWs?

13 A I believe so, but I would have to go back to
14 review those documents.

15 Q As you sit here today, without reviewing a whole
16 mass of documents, are you able to tell us how it happened
17 that the President of the United States changed his position
18 from insisting on release of all of the hostages before any
19 more arms were delivered to Iran to accepting a sequential
20 release of the hostages with deliveries of arms?

21 (Witness consulting with counsel)

22 THE WITNESS: I think, as with all of us, as the
23 evolution wore on, the President was just simply, was
24 unwilling to give up the possibility of at least getting
25 some out, although that wasn't our main objective.

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BY MR. LIMAN:

1
2 Q And did you recommend that to him?

3 A Probably. I would have -- as you can tell from
4 earlier PROFS notes, I felt pretty strongly that we ought to
5 get them all.

6 Q I can tell from earlier PROF notes that you
7 appeared to be the tough guy.

8 A Yes.

9 Q Did it ultimately wear you away?

10 A I can't recall whether I recommended that to the
11 President or not. I didn't disagree with him, but I can't
12 recall actually what he recommended.

13 Q Was there anyone else in the White House group
14 who was urging the President to take what he could get?

15 A No, I don't think so. Although the Vice
16 President and the Chief of Staff were usually there for
17 meetings, I discussed things with the President. They pretty
18 much left the discussion up to the President and me. I
19 don't recall their voicing opinions one way or the other.

20 Q Now, do you recall Colonel North ever reporting
21 to you that the second channel and he had agreed to
22 establishing a committee consisting of Iranians and
23 Americans?

24 A I remember that.

25 Q Did you approve that?

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A Yes, I did.

Q Did you elevate that to the President of the United States?

A I probably did.

Q Did he tell you who was going to serve on the committee for the United States?

A Did who tell me?

Q Colonel North.

A I can't recall discussing that in great detail.

Q Do you remember it was Oliver North, Mr. Second, and Mr. Cave?

A I don't -- that would be consistent. I mean, I am not surprised.

Q Did you approve that?

A In effect, I would have.

Q What does in effect mean?

A Well, in effect, the whole point of the committee was eventually to recognize this, but we had to get it started first, and the plan all along was once we could get it regulated we would bring in other departments of government.

I guess the reason why I am hesitating there a little bit, when you say those were the three members from the U.S. side, it would have been a temporary sort of thing. In order to get started, those three would have been involved.

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1 Q Did you receive any transcripts of conversations
2 between Oliver North and the Iranians?

3 MR. BECKLER: At what point in time?

4 MR. LIMAN: Second channel.

5 THE WITNESS: You mean actually typed out?

6 BY MR. LIMAN:

7 Q Typed out.

8 A Verbatim?

9 Q Let's start out with verbatim.

10 A No.

11 Q Did you ever receive any tape recordings
12 themselves?

13 A No, I did not.

14 Q Did you ever receive any memoranda of his
15 discussions back and forth with the second channel?

16 A Yes, I did.

17 Q Did you ever share those memoranda with the
18 President of the United States?

19 A I probably read to the President summaries of the
20 discussions.

21 But, again, the 930 file might help.

22 Q I appreciate that, Admiral. Did Oliver North
23 ever tell you that he ever communicated to the Iranians that
24 the President had a low opinion of the Chief of State of
25 Iraq?

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1 A What is the question again?

2 Q Did Oliver North ever tell you that he had told
3 the second channel Iranians that the President of the United
4 States had a low opinion of the President of Iraq?

5 A He may have. That doesn't stand out in my mind.

6 Q Did you authorize him to tell the second channel
7 Iranians the United States would cooperate in deposing the
8 President of Iraq?

9 A No, I didn't.

10 Q Did you ever see any summaries of meetings that
11 indicated that he and others in this American delegation were
12 saying things like that to the Iraqis?

13 A To the Iraqis?

14 Q To the Iranians.

15 A I may have. I can't remember that.

16 Q Do you recall seeing any kind of summary of a
17 transcript which he attributed to the President, a profanity
18 directed at the President of Iraq?

19 A I am not sure about that. I am having trouble
20 keeping separated what I have seen in preparation for these
21 hearings and what I saw before. I am not sure about that.

22 Q Did you authorize North or other members of the
23 American delegation to the second channel Iranians
24 condemnation of the Iraqis?

25 A I don't believe I ever did that.

Q Was it United States policy at that time to try

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1 to bring about the deposing of the President of Iraq?

2 A The U.S. policy was to bring an end to the war
3 between Iran and Iraq.

4 Q So the answer to that question is no?

5 A It would be no.

6 Q Did you ever authorize Oliver North or other
7 members of the American delegation to say that they would use
8 their good offices to try to persuade the Kuwaitis to release
9 the Dawa prisoners?

10 Let the record reflect there has been a
11 consultation.

12 A I am sorry, what was your specific question
13 again?

14 Q Did you ever authorized Oliver North to tell the
15 second channel Iranians that the United States use its good
16 offices to try to persuade the Kuwaitis to release the Dawa
17 prisoners?

18 A No, I didn't. The President's policy on that
19 was we shouldn't put any pressure of any kind from the U.S.
20 Government on Kuwait. I told Colonel North that. My
21 understanding of what they discussed though, was not
22 inconsistent with that.

23 Q What did you understand they were discussing?

24 A I understood they were discussing that General
25 Secord on his own, privately, would come up with a plan that

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1 the Iranians could then use in order to try to convince the
2 Kuwaitis to make some concessions on the Dawa prisoners.

3 Q Did you clear that with the President?

4 A What with the President?

5 Q That consistent with his policy, General Secord
6 would be permitted to do this?

7 A This was not cleared with the President ahead
8 of time because I did not know that they were going to raise
9 that issue. But you misunderstood that in all of these
10 discussions that were going on in the second channel,
11 Colonel North and George Cave had wide latitude in discuss-
12 ing various matters with the Iranians.

13 Q Did their wide latitude include making representa-
14 tions that if the Soviet Union were to invade Iran that
15 we would fight the Soviets whether or not the Iranians liked
16 it?

17 A The U.S.-Soviet relationship as it applies to
18 Iran, the guidance on that was contained in terms of
19 reference that the President approved. I don't recall
20 knowing, before the preparation for these hearings, knowing
21 of discussions that have been described, and I would have to
22 go back and analyze what has been said here to see if -- my
23 impression at this point is that what has been said in the
24 hearings by various parties, both on the congressional side
25 and on the witness side, there seems to me to be some

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misinterpretation.

Q The person who translated it to the Iranians is the one who testified to this. You realize that.

A But the policy of the United States is to keep the Soviet Union out of Iran.

Q And was Colonel North authorized to commit the United States to war with the Soviet Union?

A He was not.

MR. BECKLER: Don't answer that. Objection.

It is 235. I said --

MR. LIMAN: If I go another ten minutes, we will only have some clean-up.

MR. BECKLER: Let's break for lunch now.

(Whereupon, at 2:35, the deposition was recessed.)

(Exhibits through No. 52 were marked at lunch break.)

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AFTERNOON SESSION

MR. LIMAN: I will show a document we have marked as Poindexter Exhibit 49, which is a memo dated October 2, 1986, from, of all people, Oliver North, to you. The only question I have for you on that is: Are these your initials on the page that has a place for approving?

THE WITNESS: They are. I haven't read the document.

BY MR. LIMAN: Well, you have a copy of the document. We are in the process of declassifying it, and it is the document in which the President described the Bible, among other things, and approved talking points with the ^{Iranians} ~~Iranians~~. And then -- did Colonel North ever describe his seven point proposal with the Iranians with you?

A He probably did. I am a little vague now what the seven points are.

Q We have marked as Exhibit 50 the copy that we have of the seven point proposal. Would you remove from the exhibit, because it is not part of it, the Farsi part in the back?

A The Farsi translation?

Q Yes. It is not a translation. It is classified anyway.

A The question is what?

Q Did he ever describe the seven points to you?

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1 A Well, I don't recall seeing this particular
2 document before. These points are familiar to me. I would
3 have to know more about time frame. These points are
4 generally consistent with various components of various plans
5 that existed over the period of time that we were working
6 the Iranian project.

7 Q Did Oliver North obtain approval from you for
8 various plans presented to the Iranians?

9 A At various times, yes, and the President.

10 Q And did he ever come back to you and tell you
11 that the Iranians had come up with something called the nine
12 points?

13 A What time frame is this?

14 Q The nine points would have been October 1986.

15 A I am reasonably sure he did.

16 Q I am going to provide you with a copy marked
17 as Exhibit 51. I am not going to review them at this point
18 other than to ask you whether you have any recollection of
19 Colonel North asking you for approval of something called the
20 nine points?

21 A I vaguely remember at some point in October the
22 Iranians coming back. The nine points doesn't ring a big
23 bell. I can't remember the exact sequence of events, but I
24 believe he did report those to me, and they were points with
25 which we agreed.

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1 Q Following the presentation of these points, 500
2 TOWs were shipped to the second channel?

3 A That is correct.

4 Q And was that approved by the President?

5 A It was.

6 Q In the first session of your examination I asked
7 you about the 1986 Barnes and Hamilton inquiry concerning
8 Colonel North's activities on behalf of the contras. I
9 will show Exhibit 52, which consists of a transmittal slip,
10 a memo, which purports to have your writing on it, and the
11 Barnes letter, and I will ask you if this is your note on
12 the second page and if you would read it into the record?

13 A Yes, this is my handwriting, with the one
14 exception.

15 Q What is the one exception?

16 A The addition of the name Burkhardt to the list.

17 Q You indicated that sometime later, almost a year
18 later, you received a copy of Mr. McFarlane's response and
19 that you thought that some of his responses were phrased
20 more broadly than you would have had you been the author of
21 this letter.

22 I will show you Exhibit 53, which is his
23 September 12, '85 response to Congressman Barnes and ask you
24 to look at it. I have only one question: whether the
25 statement in the second paragraph which says: "based on

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1 this review, I want to assure you that my actions, and those
2 of my staff, have been in compliance with both the spirit
3 and the letter of the law."

4 Is one of those sentences you felt too
5 categorical?

6 A To correct what you said a moment ago, I don't
7 think I have ever seen this. As some point in August of '86
8 I asked Commander Thompson if he had -- this was in
9 conjunction with the letter Chairman Hamilton sent me -- I
10 asked Commander Thompson if he had a copy of Mr. McFarlane's
11 response the previous year. He said he did.

12 I said, "I may want to look at it."

13 I never got around to looking at it. I have seen
14 excerpts of this in the Tower Commission report.

15 Q And when you saw it in the Tower Commission
16 report you said there was some language in it which you felt
17 was more categorical than you would have used. Is that fair
18 to say?

19 A I think that is fair to say.

20 Q Is the sentence I read to you one of them?

21 Let the record reflect a consultation.

22 A As I have testified before, I wouldn't have
23 responded the way that Mr. McFarlane did, and I would not have
24 that that way. I am not quite sure what Bud had in mind.

25 Q Why would you not have felt comfortable saying

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1 that my actions, and those of my staff, have been in
2 compliance with both the spirit and the letter of the law?
3 And the law they are referring to is the Boland Amendment.

4 MR. BECKLER: I am going to object to that. You
5 are asking him what the operation of his mind is in view of
6 violating the Boland Amendment in a letter written by
7 somebody else.

8 MR. LIMAN: I am asking him why he would be
9 uncomfortable making that kind of statement to Congress.

10 I will rephrase it and make it very simple.

11 BY MR. LIMAN:

12 Q Did you believe that in September of 1985 that
13 the activities of Colonel North were in compliance with both
14 the spirit and letter of the Boland Amendment?

15 (Witness consulting with counsel)

16 THE WITNESS: As I have said earlier, I would
17 not have been as categorical in the letter as Mr. McFarlane
18 was. I don't know, I don't know what Bud had in mind. I am
19 probably not aware of everything that Colonel North did, and
20 I just -- it is too categorical a statement.

21 BY MR. LIMAN:

22 Q All right. Remember there came a time when you
23 had to deal with a resolution of inquiry being prepared by
24 Congress? That was a year later, in August of '86.

25 A Yes.

Q And you remember that Oliver North met with

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1 the Congressional representatives of Congressional
2 committees?

3 A Yes. In an informal meeting in the situation
4 room.

5 Q And did you receive a report of what Oliver
6 North's responses were?

7 A As I recall, I received a summary that purported
8 to be that.

9 Q Do you recall telling Oliver North by PROF note
10 that his responses were, quote, "well done?"

11 MR. BECKLER: Let's look at the exact thing.

12 MR. LIMAN: Exhibit 54. It is a PROF note from
13 the Admiral dated August 11, 1986, and a PROF note from Mr.
14 Pearson to him. The Pearson note reflects North's answers.

15 MR. LEON: Could the Admiral identify for the
16 record who Mr. Pearson was at that time?

17 THE WITNESS: He was the Deputy Executive
18 Secretary of the NSC staff.

19 BY MR. LIMAN:

20 Q Did you write "well done," Admiral?

21 A Let me read what I wrote well done for.

22 Q Does it say "Subject: HPSCI Interview of North"?

23 MR. BECKLER: Let me state for the record here,
24 the question was something to the effect -- we can have it
25 read back -- "well done" for the responses. There is nothing

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1 in here about well done for the responses, it just says well
2 done.

3 MR. LIMAN: "Subject: HPSCI Interview of North."

4 Does well done?

5 MR. BECKLER: Is that you? Does well done?

6 THE WITNESS: That is my note. What well done
7 refers to is not clear.

8 BY MR. LIMAN:

9 Q It is not clear to you?

10 A It is not clear to me.

11 MR. BECKLER: It is not clear from the face of
12 this document?

13 THE WITNESS: The first sentence of the PROF
14 notes -- and, again, you have to recall that I saw many of
15 these everyday -- it says "Session was success, Hamilton will
16 entertain motion soonest to report unfavorably on resolution
17 of inquiry."

18 That is the point of the inquiry, and that is
19 "well done."

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Q Did it say "Forwarding note from Mr. Pearson"?

A Yes.

Q And --

A Well done is obviously in response to this
PROF note from Pearson.Q Did you consider when you read the report of
North's interview that North had given candid answers
to the committee?A I really can't comment without reading a
transcript of exactly what Ollie said. The point was that
Chairman Hamilton was satisfied and I was pleased with
that.Q Isn't the point that Oliver North had misrepres-
ented facts to the House Committee? Isn't that what the
fact is?

A I don't know that, Mr. Liman.

Q And isn't it a fact that you were telling him
well done for deflecting this inquiry?A I was telling him well done that he had carried
out the briefing and that Chairman Hamilton seemed to be
satisfied.Q Didn't you know at that time that if he had been
frank with Chairman Hamilton that he would have revealed
that he was doing things that Congress disapproved of?

MR. BECKLER: Objection. If he had known this,

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m2 1 .f he had done this or that, those are questions you can
2 ask Oliver North if you wish.

3 MR. LIMAN: I'm going to ask him because he has
4 testified briefly as to what he knew North was doing.

5 THE WITNESS: May I go back to the May 2nd
6 testimony.

7 BY MR. LIMAN:

8 Q Do you have to read what was said on May 2nd
9 in order to testify today as to what you knew that Oliver
10 North was doing a year ago?

11 MR. BECKLER: He is trying to refresh his
12 recollection on testimony that he gave with regard to this
13 same type of message back on May 2nd, and I would ask
14 you not to badger the witness.

15 MR. LIMAN: I think what he is trying to do is
16 conform his testimony now to something he said in May.

17 MR. BECKLER: I resent anything about conforming.
18 We are not here to be badgered by you. Get on with your
19 questions. He is not going to answer anything about what
20 Oliver North said was true or not true.

21 BY MR. LIMAN:

22 Q Did you consider what Oliver North was doing to
23 assist the contras to be consistent with the attitude of the
24 congressional committee towards the Boland Amendment? Did
25 you consider that?

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1 MR. BECKLER: Objection. We are not going to
2 answer that question. That is asking him to draw a
3 conclusion based on whether or not Oliver North acted in
4 accordance with the attitudes of Congress. It is an
5 impossible question to answer.

6 BY MR. LIMAN:

7 Q Admiral, did you understand Congress was looking
8 into whether or not North's activities violated the
9 Boland Amendment?

10 A I understood that a resolution of inquiry had
11 been introduced on the floor of the House, it had been
12 referred to three committees: the House Armed Services
13 Committee, the House Foreign Relations Committee and the
14 House Intelligence Committee. The House Armed Services
15 Committee had considered it in committee and provided a
16 negative report. Chairman Hamilton called me and said
17 that under the Rules of the House they didn't have to
18 take any further action but to satisfy some of his members,
19 he thought it would be helpful -- he did not plan to push
20 it, but he thought it would be helpful if they could meet
21 with Colonel North.

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22 After some discussion and negotiation with the
23 Chairman and consultation with other White House staff
24 members and my own staff members, I did agree that they
25 could informally talk to Colonel North in the Situation

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m4 1 Room. The meeting took place, I received a report that
2 indicated Chairman Hamilton was satisfied, and I said,
3 well done. I considered it the end of the issue.

4 Q Did you consider that they were interviewing him
5 on Libya or on the contras?

6 A I can't remember the wording of the resolution.

7 Q So you don't know as you sit here today whether
8 or not the interview related to the contras?

9 A Oh, I think it probably did. I don't know
10 whether it was limited to that.

11 Q Do you know that it included the contras?

12 A Yes.

13 Q And did you know that some of the activities
14 that Oliver North was doing in support of the contras
15 were activities that Members of Congress were concerned
16 about?

17 A I knew that some of his activities could be
18 controversial and would not be agreed to by some Members
19 of Congress.

20 Q And did you know that if Oliver North revealed
21 some of these controversial activities that there might
22 be a problem on the Hill?

23 MR. BECKLER: Objection.

24 MR. LIMON: Did you think that? ;;

25 MR. BECKLER: You can answer that question. I

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1 will withdraw my objection.

2 THE WITNESS: Rephrase the question.

3 BY MR. LIMAN:

4 Q Did you believe that if Oliver North revealed
5 to this delegation some of the activities that are
6 controversial that there would be a problem for the
7 Administration on the Hill?

8 A Yes, I thought there would be.

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1 Q Did you --

2 MR. BECKLER: He is finishing his answer.

3 THE WITNESS: My point is that I expected

4 Colonel North to be truthful and answer the specific ques-
5 tions that were asked, but not necessarily to reveal every-
6 thing that he knew to answer the questions.

7 BY MR. LIMAN:

8 Q And when you got a report, did you discover
9 whether he had revealed everything he knew?

10 A I couldn't conclude that from such a brief
11 summary.

12 Q Were you able to conclude from that brief summary
13 that whatever he said had satisfied Congress?

14 A I was able to conclude that.

15 Q And were you able to conclude that he was able
16 to avoid getting into controversial subjects?

17 A That's a subjective question. What is contro-
18 versial?

19 Q As you sit here today, Admiral, are you not able
20 to say whether you were congratulating Oliver North on his
21 having been able to avoid telling the Congress some things
22 that would have troubled them?

23 MR. BECKLER: The question has been asked and
24 answered both on May 2 and several times today. It speaks
25 for itself. There is a "well done." The "well done" refers

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1 to the answer that Hamilton, that Congressman Hamilton will
2 entertain a motion, so on and so forth.

3 The question has been asked and answered. Let's
4 move on to the next question.

5 BY MR. LIMAN:

6 Q I understand what Hamilton was going to do
7 because it says "entertain a motion." What was it that
8 Oliver North had done that was well?

9 A He had apparently appeared, had satisfied
10 Chairman Hamilton.

11 Q Did you ever tell Secretary of State Shultz in
12 or around May of 1986, before the Tehran mission, that the
13 Iranian initiative was over?

14 A I don't recall the time frame at all. At various
15 points we did consider it over. I can't remember the time
16 frame, though.

17 Q At any of the points that you considered it over,
18 did you consider notifying Congress?

19 A It was never considered that over.

20 Q When you told Secretary --

21 A By the way, I think Secretary Shultz knew about
22 the Tehran mission.

23 Q When you told Secretary Shultz that it was over,
24 did you tell him it wasn't that over?

25 A I don't remember that.

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1 Q What does the term "stand down" mean?

2 A A temporary cessation of some activity.

3 Q Did you tell him that you were standing down or
4 that the initiative was standing down?

5 A I don't remember the precise words, but I talked
6 to Secretary Shultz several times over the period of the
7 year about the Iran initiative, specifically talked to him
8 about those terms of reference. Those are the same terms
9 of reference that he later recalled that we gave to [REDACTED]
10 at his suggestion.

11 Q Do you remember whether you told him about the
12 terms of reference before you told him it was over?

13 A I can't remember the time frame.

14 Q You said you think he knew about the Tehran
15 mission.

16 A Yes.

17 Q Did you tell him?

18 A I'm sure I did.

19 Q Do you remember that?

20 A No, not precisely. Because he knew Mr. McFarlane
21 was going to go.

22 Q How do you know that?

23 A Because I probably told him that.

24 Q You say you probably told him that. Did you or
25 didn't you?

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1 MR. BECKLER: He has given an answer. He said he
2 probably said it. Let's read back the record.

3 MR. LIMAN: Probably isn't the same as recalling
4 that you did. That is what I want to know.

5 Do you recall telling him --

6 MR. BECKLER: Let's go back and have the answer
7 read to the initial question you asked him. He gave an
8 answer. He did not say probably. He said, I believe I
9 told him, or something to that effect.

10 MR. LIMAN: He used words like "I believe."

11 BY MR. LIMAN:

12 Q I ask whether you recall telling him?

13 A I do not recall the specific conversation.

14 MR. BECKLER: That is the answer he gave two
15 answers ago.

16 BY MR. LIMAN:

17 Q Do you recall telling him even if you don't
18 recall the specific conversation?

19 A I remember discussing with him the terms of
20 reference and that the President planned to send Bud.
21 I can't remember the specific conversation or the exact
22 time frame.

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23 Q I'm going to show you Exhibit 55, which is a
24 document dated November 18, 1986, with questions and
25 answers regarding United States policy towards Iran.

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1 Have you ever seen this document before?

2 A I don't know whether I've seen this before or not.

3 Q Do you know what it is?

4 A I know what it is.

5 Q What is it?

6 A It is a series of questions and answers that were
7 prepared -- at some stage of preparation. I don't know what,
8 but it is a typical format in preparing press guidance.

9 Q For whom?

10 A For probably somebody in the White House. But
11 I can't tell whether this is a draft or final version, or
12 what it is.

13 Q It refers, Admiral, in a question on page 6, to
14 "Did the shipment of arms to Iran violate the Arms Export
15 Control Act or any other law?" And the reference is that
16 it did not.

17 Do you know whether prior to the date of this
18 exhibit, which is the 18th of November, you had obtained --

19 MR. BECKLER: Wait a minute.

20 BY MR. LIMAN:

21 Q -- you had obtained legal advice from the Attorney
22 General on whether these shipments had violated the Arms
23 Export Control Act? And particularly the November ship-
24 ment.

25 A Well, it is not clear to me the question addresses

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1 the November shipment.

2 Q Let's take my question. Did you have any legal
3 advice prior to November 18 on whether the November Hawk
4 shipment violated the Arms Export Control Act?

5 MR. BECKLER: You mean, did John Poindexter have
6 any advice?

7 MR. LIMAN: As National Security Adviser.

8 THE WITNESS: The only thing I can remember
9 related to your question, not necessarily the question that
10 is here on the paper, is that, as I've testified before, at
11 the meeting in my office on January the 16th, 1986, when
12 Ed Meese made clear that he thought that the best way to do
13 the finding was to have the United States go directly to
14 Iran with the sales rather than through Israel so that we
15 avoided the reporting requirement that would have been
16 necessary under the Arms Export Control Act when a country
17 like Israel transferred arms to a third country. That's
18 the only thing that comes close to the answer to your
19 question.

20 BY MR. LIMAN:

21 Q In November, prior to November 18, 1986, was
22 there any discussion about whether the shipment of Hawks
23 violated the Arms Export Control Act?

24 A I don't recall any.

25 Q Did you seek any advice from the Attorney General

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1 or the Attorney General's office on whether you had a legal
2 problem?

3 A I don't recall any --

4 Q Admiral --

5 A -- prior to the 18th.

6 Q Admiral, you testified on the 20th you did have
7 a meeting concerning Casey's testimony. Am I correct?

8 A That's correct.

9 Q And you were going to brief the Intelligence
10 Committees the next day yourself; is that correct?

11 A That's correct.

12 Q It was during this meeting an issue arose as to
13 what was contained in the shipment in November, am I correct?

14 A Well, the issue was not so much what was contained
15 in the shipment.

16 Q As to what you knew was contained?

17 A What we knew was contained and our prior know-
18 ledge.

19 Q Do you recall North saying at that meeting that
20 no one in the United States Government knew that there were
21 Hawks in that shipment?

22 A I don't recall that specifically.

23 Q Was a decision made as a result of the discussions
24 that were had on the 20th that when Casey and you appeared
25 before Congress the next day that you would not represent

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1 to Congress that you had no knowledge that Hawks were in
2 that shipment?

3 A After --

4 MR. SMALL: That's a double negative.

5 BY MR. LIMAN:

6 Q Was there a decision reached as a result of
7 those discussions as to what you would say to Congress?

8 A Yes, there was.

9 Q What was it that you agreed upon?

10 A Actually, I think I formulated it, that we would
11 say that there had been a shipment by the Israelis in
12 November, 1985, we didn't have all the facts and when we
13 had all the facts, we would report back to the Congress.
14 And to the best of my knowledge, that's what I told the
15 House Intelligence Committee and Senators Leahy and
16 Durenberger.

17 Q If the Members of both the House and the Senate
18 committee said that you told them that you did not know
19 until January of 1986 that Hawks were contained, they would
20 be wrong?

21 A I think they would be wrong. I'm very comfortable
22 with that.

23 Q And have you had occasion to read the memorandum
24 of Mr. Newsom, which I think was provided to you, of your
25 meeting with the Senate committee?

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1 A No, I haven't seen that.

2 Q We are going to let you see it. It was in the
3 papers, but there were a lot of papers, and I think you
4 ought to see it before your appearance.

5 A Who was Newsom?

6 Q He was a staff member of the Senate committee.
7 And there is apparently a similar memo from the House
8 committee.

9 MR. BECKLER: They were taking notes?

10 MR. LIMAN: Apparently. He said, "Poindexter said
11 he learned in January, 1986, that Israel had sent 18 Hawk
12 missiles to Iran on November 25, 1985, without U.S. approval.
13 He told the Israelis the missiles had to be returned from
14 Iran and they were returned in February. It is unclear
15 whether there was prior knowledge by any U.S. official of
16 that shipment. Poindexter said he was looking into that
17 question right now. He did not know the details of that
18 shipment."

19 MR. BECKLER: Could I see the --

20 MR. LIMAN: You can see it.

21 MR. BECKLER: Can we see the full text?

22 MR. LIMAN: Here it is.

23 MR. BECKLER: Who was Mr. Newsom?

24 MR. LIMAN: A member of the staff of the Senate
25 committee, was at that time.

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1 MR. BECKLER: This was prepared when? On November
2 28, seven days after the -- I'm just trying to get it straight
3 here. These were not notes taken at the meeting.

4 MR. LIMAN: Don't tell me it wasn't notes taken
5 at the meeting. Obviously they didn't sit there and type
6 it at the meeting.

7 MR. BECKLER: Let's read the whole thing.

8 MR. LIMAN: I was directing his attention to a
9 particular paragraph.

10 MR. BECKLER: We are going to read the whole
11 thing.

12 MR. LIMAN: You can read it if you want.

13 MR. LEON: We had an understanding at 3:30. It
14 is now a quarter of 4:00.

15 MR. LIMAN: You see what we are going through.
16 I think we ought to postpone your examination in the next
17 building.

18 MR. LEON: How about 6:00?

19 MR. LIMAN: Is it the person I think it is?

20 MR. LEON: I think it is.

21 MR. LIMAN: At this point, you might as well
22 postpone it until 6:00.

23 (Recess.)

24 THE WITNESS: This does not -- I simply just
25 don't recall providing that much detail on that issue.

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1 We were clearly uncertain on the 20. I simply don't recall
2 it.

3 BY MR. LIMAN:

4 Q You don't recall it?

5 A I'm curious, did Mr. McMahon make any notes,
6 Bernie McMahon?

7 MR. LEON: Let's find out what his position was
8 at the time.

9 THE WITNESS: Bernie McMahon, Majority Staff
10 Director.

11 MR. LEON: Why don't you inform the record as
12 to who he was and the fact he was there.

13 THE WITNESS: He was the Majority Staff Director.
14 I was curious whether he had any confirming notes. I
15 simply don't recall saying it that way.

16 MR. KAPLAN: My understanding is that Mr. McMahon
17 made some notes but those notes were never memorialized
18 into the form of a staff memorandum.

19 MR. SMALL: Do the notes exist?

20 MR. KAPLAN: I'm not sure of that.

21 MR. EGGLESTON: Maybe I should say, so it is
22 clear to you, that there are two memoranda here -- there are
23 two memoranda prepared following your presentation to the
24 House Committee on Intelligence. I would represent to
25 you the information in those memoranda is substantially the

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1 same on this issue as reflected in Exhibit 58, although I
2 think the memoranda show that your discussion of the November
3 '85 shipment was at the very end of your presentation before
4 HPSCI. I can make those available to you.

5 THE WITNESS: I would like to see those. I tried
6 very hard to recall precisely what I said in those briefings.

7 MR. LEON: They were prepared by staff present
8 for the HPSCI briefing that morning.

9 THE WITNESS: As I testified before, my recollec-
10 tion in November of '86 of events of November, '85, was
11 very, very fuzzy.

12 BY MR. LIMAN:

13 Q If this memorandum is correct, you said that you
14 learned in January, '86, that the 18 Hawks were sent. Was
15 that your recollection on November 21?

16 A It was unclear at that point because I was faced
17 with the problem of two people that were directly involved
18 in the November shipment having different recollections of
19 events. We had Bud McFarlane saying one thing and Secretary
20 Shultz saying something else.

21 My best recollection is at that point that I did
22 not remember anything about, or know anything about the
23 Hawks until January, '86.

24 Now, since that time and the preparation and
25 reviewing PROFS notes, it is clear that I did know in

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1 November, '85, but I did not remember that in November of
2 '86.

3 Q That is your position?

4 A That's my position.

5 Q The last thing, Admiral, which is -- I'll end with
6 where we ended last time, Exhibit 40, which was your notes
7 of January 7, 1986, and which refers to a discussion that
8 you had or list you made. Do you want to translate that
9 for us, sir.

10 MR. LEON: Arthur, if I may note for the record
11 that -- you are right, it is Exhibit 40.

12 THE WITNESS: These are -- there are two major
13 items I discussed with the President that morning. One was
14 the hostage situation and the other was the status of --
15 although I have hostages, it really refers to the Iranian
16 project, and Shultz and Weinberger were in disagreement
17 with the proposal to go ahead for two reasons. They opposed
18 any deals for hostages and they were opposed to arms to
19 Iran.

20 The next item means that Casey and Meese thought
21 the President should go ahead, and the last note means that
22 Shultz had asked for a meeting with the President about it
23 and it was at that meeting that the President agreed he had
24 an open spot on his schedule around lunchtime, and so he
25 agreed to meet with his National Security Advisers at that

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1 time, which I think was around 11:30 or something like that.
2 And the second page is a list that I made up for my secretary
3 of people to invite to the meeting.

4 MR. LIMAN: Where it says "Shultz and Weinberger,"
5 was that reporting to the President what their position was?

6 THE WITNESS: Yes, which he well understood.

7 BY MR. LIMAN:

8 Q As a result of your reporting what their position
9 was, the meeting was arranged that is reflected on the
10 next page?

11 A That's correct.

12 Q [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]

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1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 Q The last question: Was there any discussion to
6 your knowledge with the Iranians about oil prices as part
7 of this initiative?

8 A I don't recall anything about oil prices.

9 MR. LIMAN: Leon.

10 MR. LEON: Thank you, Mr. Liman.

11 EXAMINATION ON BEHALF OF THE
12 HOUSE SELECT COMMITTEE

13 BY MR. LEON:

14 Q Let me pick up just about where you left off on
15 that Friday morning discussion with the HPSCI committee.
16 Those documents, as Mr. Eggleston indicated, you will have
17 made available to you to review.

18 Do you recall during that briefing informing
19 the HPSCI members that morning, you had just learned the
20 day before that someone in the U.S. Government might have
21 known about the Hawks being part of the shipment before
22 January?

23 A I don't recall saying that.

24 MR. BECKLER: Do you have any notes, counsel --

25 MR. LEON: I don't have them with me.

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1 MR. BECKLER: Do you have a recollection of some
2 note that says he said that?

3 MR. LEON: My recollection is that it is contained
4 in the notes, but you will see the notes and you will have
5 a chance to review them.

6 MR. SMALL: It was that --

7 MR. LEON: Words to that effect.

8 MR. BECKLER: Words to the effect Admiral
9 Poindexter had heard the day before someone in the U.S.
10 Government --

11 MR. LEON: That he had just learned the day
12 before that someone in the U.S. Government might have known
13 before January, '86, they were actually Hawks.

14 MR. BECKLER: Is that the same notes Mr. Eggleston
15 is referring to? This doesn't say that.

16 MR. EGGLESTON: It is the same general treatment.
17 It seems to me we should not discuss what may or may not
18 be in notes. I was giving you a general representation it
19 is treated the same way.

20 We'll give you an opportunity to see them.

21 MR. BECKLER: It would be very helpful. I
22 wouldn't mind seeing the full text. Everybody in the world
23 has had a crack at the full text except the man answering
24 the questions. There are 40 people out there gumping things
25 into computers that have had a crack at everything in the

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1 world, except my client.

2 MR. LIMAN: Your client is not the National
3 Security Adviser. Your client chose to invoke his consti-
4 tutional privileges and as a result, as a result of his not
5 cooperating with the NSC, they apparently didn't cooperate
6 with him.

7 MR. BECKLER: My client is involved in a civil
8 deposition and has a right to see relevant documents he is
9 being questioned about. It has nothing to do with whether
10 or not he asserted the Fifth Amendment.

11 MR. LIMAN: Under what rules of the House or
12 Senate does he have a right to see documents before he is
13 examined?

14 MR. BECKLER: When a third party provides docu-
15 ments to one side and not the other -- this is a civil
16 matter.

17 MR. LIMAN: This is not a civil litigation.
18 This is an investigation by the United States Congress
19 pursuant to its constitutional powers and statutory powers.

20 MR. BECKLER: Right. And this man has a right
21 to see the documents the other side has been shown and
22 reviewed --

23 MR. LEON: I think it was probably oversight on
24 my part I didn't bring them here today. And probably also,
25 I assure you you will have available to you both of those

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1 notes from the two different staff members who took them to
2 review as soon as we can get them to you. We should be able
3 to get them to you in some form or another within a matter
4 of days. I assure you you will have those.

5 I just took the opportunity to ask with regard
6 to that very specific section because of the possibility
7 that I recognize, and I don't think I'm alone, there might
8 not be another deposition after today, and I thought I
9 might be remiss if I didn't take the opportunity to ask
10 about that one specific section. That's all I'm going to
11 ask about that. I'm going to move on to something else.
12 I don't want to belabor the point. I have another depo-
13 sition ahead of me.

14 BY MR. LEON:

15 Q With regard to the weekend's events, that weekend
16 in November, 1986, to the extent that you have any knowledge,
17 with regard to Friday, the 21st, on that morning, the Attorney
18 General, as Mr. Cooper testified last week, met with the
19 President and Donald Regan, and asked for authority to
20 commence an investigation.

21 At some point after that, I believe Mr. Cooper
22 testified that the Attorney General met with you. Do you
23 recall meeting with the Attorney General that morning?

24 A Yes. But the sequence he gave was not right
25 by my recollection.

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1 Q All right.

2 A After I had finished briefing Senators Durenberger
3 and Leahy, Ed Meese called me and said that he wanted to
4 meet with the President at 11:30, and because I had been
5 tied up, he had arranged that meeting through Donald Regan,
6 and he wanted me and Don to be there. So the three of us
7 met with the President at 11:30, and the Attorney General
8 called me sometime after lunch, early to mid afternoon,
9 and asked that I have the relevant documents pulled together
10 and he wanted to send over a couple of his assistants.

11 Q Do you have any knowledge whether the Attorney
12 General on that morning met with Colonel North at any time?

13 A The 21st?

14 Q Yes.

15 A I don't think so.

16 Q Do you have any reason to think --

17 A He could have. I just don't think I know about
18 it.

19 Q Do you have any knowledge of him meeting with
20 the Attorney General, Colonel North meeting with the
21 Attorney General any time later that day?

22 A I don't believe so.

23 Q Did Colonel North ever indicate to you, or did
24 anybody else indicate to you that Colonel North had requested
25 from the Attorney General a 24- to 48-hour period in which

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1 to get his documents in order?

2 A I'm not aware of that.

3 Q And after the Attorney General interviewed Colonel
4 North Sunday evening, you testified Colonel North spoke to
5 you?

6 A Right.

7 Q And of course he informed you that the diversion
8 memo, he had been questioned about that?

9 A Right.

10 Q Did Colonel North on that occasion indicate to
11 you in any words or words to the effect that after he had
12 been presented with the diversion memo, he had said to the
13 Attorney General words to the effect, "Does this count? I
14 haven't been given my rights"?

15 A I don't think I knew that.

16 Q Well, do you know if that happened? Do you have
17 any knowledge that happened?

18 A I don't have any knowledge that happened.

19 Q Had he ever commented to you along those lines
20 thereafter?

21 MR. LIMAN: Show the consultation.

22 MR. BECKLER: What is that?

23 MR. LIMAN: I said show the consultation.

24 MR. BECKLER: I have a continuing objection.

25 I would ask that be removed from the record, too.

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1 MR. LIMAN: I didn't show it every time you
2 consulted.

3 MR. BECKLER: What is the criteria to first
4 reflect it and then not reflect it?

5 MR. LIMAN: Because you have asked that we not,
6 and I told you, and I thought you had agreed, that it would
7 be where it seemed appropriate.

8 A question was put which he could have answered
9 or not answered, and he chose to consult with you. He
10 either has a recollection or he doesn't have a recollection.
11 I don't think you were there. It just seems to me it was
12 appropriate to reflect the fact that he needed consultation
13 on this issue.

14 MR. BECKLER: I think it is appropriate to reflect
15 this is nothing more than Mr. Liman's attempt to chill
16 this witness's testimony --

17 MR. LIMAN: It has succeeded.

18 MR. BECKLER: That doesn't minimize your
19 attempts. We are going to step outside to confer.

20 (The witness and his counsel leave the room.)

21 MR. BECKLER: Let me state something for the
22 record. First of all, Mr. Liman, to make a presumption
23 that just because an examiner says, do you recollect
24 something, that because my client turns to me and asks to
25 counsel with me, he is asking me whether I can help him

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1 in his recollection, is beyond the pale. And to refer
2 sarcastically you weren't there, you weren't there, is out
3 of line.

4 I want that on the record. It is a continuing
5 exhibition in which this committee has badgered this witness
6 and the way this committee is being used as a tool of the
7 Independent Counsel to set up somebody --

8 MR. LEON: Which committee?

9 MR. BECKLER: Specifically, Mr. Liman.

10 Unfortunately, as I said before, everybody in
11 this room is in one way or another being utilized by the
12 Independent Counsel because of their continuing reluctance
13 to give us documents in an appropriate amount of time so
14 we can prepare my client for a civil deposition.

15 MR. LIMAN: What is the document you needed in
16 order to answer the last question?

17 MR. LEON: I would like you two to resolve this
18 off the record. I have another deposition to attend.

19 MR. BECKLER: Let's have the question read back.

20 MR. LEON: Arthur --

21 THE WITNESS: Would you repeat the question?

22 MR. LEON: I will try. I don't know if I can
23 repeat it from memory, but the substance of the last
24 question was whether or not, after the evening of the 23rd,
25 after that conversation you had with Colonel North that

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1 evening, did he or anyone else at any time thereafter
2 indicate that --

3 MR. BECKLER: He being North.

4 MR. LEON: Right. Indicate to you that North
5 had made a statement to the Attorney General in his inter-
6 view on Sunday afternoon to the effect, "Does this count?
7 I haven't been given my legal rights"?

8 THE WITNESS: I don't recall that.

9 BY MR. LEON:

10 Q When you met with the Attorney General on Monday
11 morning, the 24th, you met with him alone, correct?

12 A Yes.

13 Q Do you know if when you met with him he had already
14 met with Robert McFarlane?

15 MR. LIMAN: That day?

16 MR. LEON: That morning, yes.

17 THE WITNESS: I don't know that.

18 BY MR. LEON:

19 Q Do you know if he had met that morning with
20 President Reagan?

21 A I am not sure of that. He had been in my office
22 earlier in the day, while I was tied up with Senators, and
23 my secretaries reported to me they asked him if he wanted
24 them to interrupt and he said, "No, I'll come back later."
25 He was in the White House. I don't know who he was seeing.

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1 We finally did get together sometime before lunch,
2 as I recall. I don't know why he was there.

3 Q Do you recall if he reported to you when you
4 met with him that he had already spoken with the President?

5 A I don't recall his saying that.

6 Q Do you recall if he told you that Bud McFarlane
7 had confirmed having knowledge of the diversion?

8 A I don't recall his saying that. It was a very
9 slow conversation.

10 Q Recount the conversation as best you can recall.

11 A Well, my recollection is that his main objective
12 was to find out if I was aware of the diversion. And I told
13 him I was generally.

14 Q Were you in contact with Commander Thompson on
15 Monday morning, the 24th?

16 A I'm sure I was. He was sitting right outside
17 my office.

18 Q Did Commander Thompson bring to your attention
19 that Monday, or any time prior to that, that on the previous
20 Saturday afternoon, November 22, he had been over in
21 Colonel North's office after Attorney Meese's designees
22 had been there reviewing documents and that he saw Colonel
23 North assembling documents to take with him over to the
24 White House Situation Room?

25 A I don't believe he reported that.

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1 Q Were you aware on Monday morning the 24th that
2 Thompson had been in on Saturday?

3 A Yes. We were both in on Saturday.

4 Q Did he give you any kind of a briefing, do you
5 recall, Admiral, about what he had observed taking place
6 Saturday with regard to the Attorney General's representa-
7 tives?

8 A Yes. As I recall, in fact, I think I probably
9 asked him if the Attorney General's people had come over.
10 He said, "Yes, they were busily going through all the files
11 over in Colonel North's office."

12 Q Do you remember anything else about that briefing?

13 A No.

14 Q I assume it was an oral briefing?

15 A Yes.

16 Q You didn't take any notes, did you?

17 A No.

18 Q So he hadn't expressed any concern that North
19 taking the documents out of his office over to the White
20 House Situation Room might be a problem?

21 A I don't recall that. I had called Commander
22 Thompson on Friday after the Attorney General called me,
23 and I told him to supervise the pulling together, or to
24 arrange to have the documents pulled together. ; ;

25 Q Now, with regard to the August 8, I think it was

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1 August 8, appearance that Colonel North had before the HPSCI
2 committee, can you recall, Admiral, any attempts on Colonel
3 North's part prior to that day to get in touch with you in
4 order to review with you what he would be testifying on in
5 his upcoming appearance before HPSCI?

6 A I don't recall that.

7 Q Do you recall him at any time after he appeared
8 before HPSCI indicating to you or anyone else that he was
9 upset that he had been unable to meet with you before he
10 appeared before HPSCI to get some guidance from you as to
11 what he should tell them?

12 A I don't think I'm aware of that. I was very
13 busy, as I always was.

14 Q In that August time frame?

15 A Yes.

16 Q Were you on vacation by any chance in that
17 August time frame?

18 A Yes. In fact, I was on my week's vacation the
19 week that he met with them.

20 Q And you don't recall any efforts of him trying
21 to reach you before you went on vacation or even while you
22 were on vacation?

23 A He may have, but I don't think it came to my
24 attention. I had a very protective outer office.

25 Q Had it been indicated to you that's why he wanted

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1 to meet with you and talk with you --

2 A I probably would have met with him.

3 Q Now, on the 20th, the meeting on the 20th of
4 November with yourself and Director Casey and the Attorney
5 General and others, there was testimony last week by
6 Mr. Cooper that Ollie suggested a particular insertion with
7 regard to --

8 A I read Mr. Cooper's transcript.

9 Q Did you in any way suggest to him, Colonel North,
10 that he should make that insertion?

11 A No.

12 Q Were you aware prior to his making it that he was
13 going to suggest it?

14 A I don't believe so.

15 Q And it is your testimony that upon his making it
16 at that time you believed it was accurate?

17 A No, I didn't say that.

18 Q Tell us, if you will.

19 A I was unsure of what the facts were at that
20 point, and I knew that he had been in contact with Mr.
21 McFarlane, as I had asked him to be, and I don't think
22 I had a chance to meet with him that day or just prior
23 to the meeting.

24 As I recall, Colonel North came in later, after
25 we had gotten started, and in front of all those people,

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1 I was not going to raise that issue. We had been concerned
2 for some days at that point that Mr. McFarlane was not
3 remembering what the circumstances were in Geneva.

4 Q Did you have any doubt in your mind as to the
5 accuracy of what Colonel North was suggesting?

6 A You know, I don't -- Chuck Cooper mentioned that
7 there was an insert ^{Pended} ~~insert~~ out. I don't recall that insert.
8 In fact, his whole description of what Colonel North
9 prepared is not clear in my mind.

10 MR. LIMAN: What does that mean, not clear in
11 your mind? You don't recall it that way?

12 THE WITNESS: I don't recall it. I simply --
13 he made a big issue in his testimony about Colonel North
14 doing --

15 MR. LEON: It was an exhibit.

16 THE WITNESS: -- of introducing that insert, and
17 I simply don't remember that.

18 BY MR. LEON:

19 Q His testimony was it was a CIA-proposed insert
20 in the testimony and that during the course of reviewing
21 it, Colonel North made a proposal that was penned in with
22 regard to a certain portion of it, that is, as to the know-
23 ledge of the CIA, who was preparing a change to that from
24 the no CIA knowledge prior to January to no one in the U.S.
25 Government. That doesn't ring any bells?

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1 A You know, it may very well have happened that way.
2 I don't remember an insert being discussed.

3 Q Can you tell us why it was that Peter Wallison
4 hadn't been invited to that meeting? That's the counsel
5 to the President.

6 A Because at this point, the whole issue, as far as
7 I was concerned, was a political issue; it was not a legal
8 issue. And with the exception of one point, and that was
9 the primary reason in my mind the Attorney General was there,
10 and that was to address the question of the President's
11 exercising his constitutional authority or what we felt was
12 his statutory authority under the Hughes-Ryan Amendment to
13 delay notification until after the fact, to do it in a
14 timely way. We knew that was going to be a controversial
15 issue because Members of Congress had already indicated
16 they were annoyed they hadn't been notified.

17 As I testified before, Ed Meese had offered to,
18 as we were getting ready to debrief the committees on the
19 Hill, he had offered to be of whatever assistance that I
20 needed.

21 Q The morning of the 20th?

22 A No, he made that offer long before that. It was
23 earlier in the month; I don't remember exactly when. And
24 in the week leading up to the 20th, I had had a couple of
25 conversations with the Attorney General, and when he came

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1 and participated in the meeting, my understanding of his
2 main contribution would be on the question of giving Bill
3 Casey enough ammunition to refute any contention that the
4 President didn't have the authority to withhold notifica-
5 tion.

6 Q Is that the end of your answer?

7 A I think I answered your question. Didn't I?

8 Q I think you have answered it.

9 Were you under the impression the Attorney General
10 was there in part as a reaction to the President's ^{press conference} ~~was~~
11 the night before?

12 A I don't think I was aware of that. In fact --

13 Q Had he indicated that to you in any way?

14 A He had not indicated that to me.

15 Q So it is your testimony Mr. Wallison's absence
16 wasn't a conscious effort to keep out or freeze out the
17 White House counsel's office?

18 A It wasn't a conscious effort. It is just the
19 counsel to the President, even before Peter Wallison's
20 time, did not get involved in finance.

21 Q Chuck Cooper testified Wallison expressed to
22 both Thompson and Cooper how upset he was he hadn't been
23 invited to that meeting. Did Commander Thompson relay
24 that back to you?

25 A Probably. I knew Peter Wallison had been wanting

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1 to get into the issue earlier that month.

2 Q Cooper also testified that during that period
3 of meeting that afternoon, Judge Sofaer from the State
4 Department contacted Wallison and Cooper with regard to a
5 potential conflict that he saw between Shultz and McFarlane,
6 and I'm sure you are aware of that testimony --

7 A Yes.

8 Q Was it relayed to you that afternoon by anyone
9 about this potential conflict?

10 A Yes. In fact, my recollection is that I knew
11 about that conflict before that time, but it may not have
12 been until then.

13 Q Well, let me take you back to that time. In
14 late November, 1985, I believe you recall Mr. Cooper's
15 testimony probably that they interviewed Secretary Shultz.

16 MR. LIMAN: Late '86 or '85?

17 MR. LEON: I'm going to get to an event in late
18 '85.

19 BY MR. LEON:

20 Q When they interviewed Secretary Shultz on
21 November 22, he had indicated that he had a conversation
22 with McFarlane in late '85, November, '85, at which time
23 McFarlane indicated to him that there were Hawk missiles
24 about to be shipped, and, according to Mr. Cooper's
25 recollection, Shultz indicated in that interview that he

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1 expressed his concern and being upset with that decision
2 to McFarlane. Back then, in '85, November of '85, did
3 Bud McFarlane ever inform you Shultz had been upset with
4 the upcoming Hawk shipment?

5 A Not that I can recall.

6 Q Do you ever recall --

7 A They were both in Geneva; I was in Washington.

8 Q That's right. Do you recall talking to Mr.

9 McFarlane at any time after that November, '85, period
10 about Secretary Shultz's reaction to learning about the
11 upcoming Hawk shipment?

12 A Other than from -- I think the first time that
13 I had any discussion with Secretary Shultz on this subject
14 was in early December of '85. I don't recall Mr. McFarlane --
15 he may have told me that, because I knew Secretary Shultz
16 was not in favor of the ^{Levin}~~Secret~~ initiative when we went into
17 the meeting on the 7th of December. When Mr. McFarlane
18 told me that, I'm not sure.

19 Q Do you have any recollection at that meeting of
20 Secretary Shultz informing the President on that occasion
21 that he had been upset with the Hawk shipment?

22 A I don't recall. I don't recall the Hawks being
23 discussed in that 7 December, '85, meeting.

24 (Recess.)

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BY MR. LEON:

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2 Q Do you recall Secretary Weinberger at that
3 meeting expressing concerns about legality of future ship-
4 ments?

5 A Yes, I do.

6 Q Did he voice them to your knowledge strongly?

7 A Yes, he did. Both he and Secretary Shultz
8 both opposed the plan strongly.

9 Q The AG wasn't present at that meeting, was he?

10 A That's correct.

11 Q Was there any discussion the AG should be
12 brought in on that issue?

13 A There was no discussion of it. But on reflection,
14 he should have been. I subsequently did bring him in on
15 the issue.

16 Q Now, you testified, as I recall it, and you
17 correct me if I am wrong --

18 A Excuse me. With hindsight, it is not clear that
19 we should have recognized before the 7 December meeting
20 the Attorney General should have been there because it
21 wasn't clear there was a legal issue until that meeting.

22 Q You testified, as I recall it anyway, that you
23 were unsatisfied with the November 26th Finding even
24 though you had it signed? Is that accurate?

25 A That's correct. And, again, I cannot recall the

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m2 1 circumstances of the signing. I was unsatisfied with that.

2 Q And I believe you have already testified, and
3 correct me if I'm wrong, that you asked Colonel North at
4 some point after it was signed to go to the AG at some
5 point and get a better draft put together. Is that
6 correct?

7 A That's correct.

8 Q Now, the AG was involved with regard to the
9 January Finding, was he not?

10 A That's correct.

11 Q Do you have any knowledge as to whether or not
12 the AG was ever presented with the November 26th Finding
13 that was signed with an eye towards having him or his
14 people put together a better version of that?

15 A I didn't. I don't know whether it came to his
16 attention in any other way or not.

17 Q Do you remember seeing here on an earlier
18 occasion exhibit, let me hand you my copy to refresh your
19 recollection, Exhibit 38, which includes in it the
20 January 3rd Finding, proposed Finding I should say? Do
21 you remember seeing that in your deposition before?

22 A Yes.

23 Q And I would ask you in comparing that, Admiral,
24 to Exhibit 120, the November 26th proposed Finding the
25 CIA sent over, in comparing those two, would it be fair

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m3 1 to say that the finding is proposed finding that you have
2 there is not, or doesn't appear to be, an attempted
3 revision of the November 26th Finding?

4 MR. BECKLER: Do you understand that question?

5 THE WITNESS: I'm not sure.

6 MR. BECKLER: Does it appear to be an attempted
7 revision? Why don't you ask him what he thinks it is
8 rather than what it appears to be. What is this compared
9 to this?

10 MR. LEON: That's fine.

11 THE WITNESS: The November 26th Finding, the one
12 that was sent to me under [✓]cover memo dated the 26th of
13 November, was a Finding that was drafted apparently at the
14 CIA. I don't think we had any input to that. It is a
15 very inadequate description of the Iranian project.

16 Starting with the early January versions of what
17 finally culminated in the 17 January Finding is an attempt
18 to spell out in more detailed terms all of the aspects
19 of the Iranian project.

20 BY MR. LEON:

21 Q So, do you have any recollection of seeing
22 any attempt by anyone to revise and improve on the
23 November 26th proposed Finding?

24 A No. In fact, that played a very small role.

25 Q Do you ever recall discussing with Colonel North

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1 as to why it was that he hadn't followed through on your
2 order in that regard?

3 A I'm not sure, order to --

4 Q Order to meet with the Attorney General and his
5 people and come up with an approved version of the
6 November 26th CIA Finding.

7 A I don't recall precisely my instructions to
8 Colonel North, whether it would have included going back
9 over this Finding, revising or starting fresh. I don't
10 think that it would be fair to say my instructions would
11 have been that explicit.

12 Q Let me shift to a different subject. You
13 remember when the newspapers leaked the story in early
14 November '86 of Bud McFarlane having been in Tehran?

15 A Yes.

16 Q You remember that?

17 A Yes.

18 Q Do you recall being informed shortly thereafter
19 by Colonel North or Colonel Earl that the Prime Minister
20 of Israel had directed Mr. Nir to contact Colonel North
21 with a message for the President to the effect the
22 President should deny to the American press Bud McFarlane's
23 having been there or there had been any type of plan
24 whatsoever?

25 A I don't recall it.

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Q You don't recall Colonel North telling you about that?

A You know, he may have. It just doesn't leave any --

Q Do you have any recollection what they were hoping Israel would do in reaction to that news story breaking?

A I don't think I knew what their reaction was. The only thing I can recall at the moment is what I have testified to this afternoon, that I was concerned the latter part of November that the Israelis not be surprised when the transfer of funds to the contras came out. Other than that, I don't recall any other reaction.

Q When you informed President Reagan -- I believe you testified you informed him at one point about the air strip [REDACTED] -- who was it you had informed him had built the air strip? If you did.

A I don't recall that -- the only recollection I have of it is my note, which simply means the only thing I can conclude from it is that I told him [REDACTED] had agreed to allow the use of this air strip. I doubt seriously if we got into a discussion of the details of who built it.

Q Did you inform him the CIA had been involved in

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m6 1 any way in assisting in the building of that air strip?

2 A I doubt that.

3 Q Did Colonel North inform you in August 1986 or
4 any point thereafter of the meeting of Felix Rodriguez
5 with Donald Gregg, the adviser to the Vice President, on
6 August 8 of 1986?

7 A I'm not sure about that. Colonel North reported
8 to me periodically. I mean, I can remember Rodriguez's
9 name coming up several times. Whether he informed me of
10 that meeting with Don Gregg, I don't know. He may have.

11 Q Did Don Gregg or Colonel Watson from the Vice
12 President's staff at any time inform you of their meeting
13 on August 8 with Felix Rodriguez and the follow-up meeting
14 on August 12 with various members of the -- various members
15 of the Department?

16 MR. BECKLER: Let me say at this point, do you
17 have a whole series of memos ^{that} people informed him of all
18 those things, or you don't have anything?

19 MR. LIMAN: He is not trying to hurt you.

20 MR. BECKLER: I'm just asking a question, Arthur.
21 Thank you. Mr. Leon can answer for himself.

22 MR. LEON: Hold it.

23 MR. BECKLER: Is there any way we can shortcut
24 any of this?

25 MR. LEON: One thing at a time. If the record is

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m7 1 going to reflect Mr. Liman's comment he is not trying
2 to hurt you, the record should also reflect my response to
3 that, which is, one, I'm not here for the purpose of trying
4 to hurt or help anybody. I'm here for the purpose of rep-
5 resenting the Republican Members of the House Committee
6 and trying to determine certain facts with regard to it.

7 I'm a little bit disappointed my colleague from
8 the Senate would attempt to characterize what my objectives
9 are in this deposition.

10 MR. LIMAN: I think you misunderstood my
11 statement.

12 MR. LEON: Maybe I did.

13 MR. LIMAN: I do not think you are trying to hurt
14 or trap Admiral Poindexter.

15 MR. LEON: I just don't have the time, I really
16 don't.

17 As to Mr. Beckler's question, I do not have any
18 memorandum relating specifically to those last few
19 questions. If I did, I would have certainly produced them
20 for your review. I'm trying to determine if he was
21 informed on those subjects by Colonel North or his deputy.
22 I'm trying to determine that.

23 THE WITNESS: Colonel North or Bob Earl
24 may have informed me, I just don't remember it, I remember
25 hearing about Rodriguez several times.

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BY MR. LEON:

Q Do you recall if Mr. Gregg or Mr. Watson came to you and relayed --

A I don't recall.

Q Fine. Let me ask you a question with regard to the structure of your office back in that time frame, 1986. Mr. Fortier was working for you during that time frame, wasn't he, a member of your staff?

A Until -- well, he was in the office until sometime in early May. Then he was hospitalized and never returned to the office.

Q Prior to May of '86, what responsibilities, if any, did he have to supervise Colonel North in his various assignments?

A Well, Mr. Fortier, as my principal deputy, one of his major functions was chairing the various interagency groups and also working on legislative strategy. In connection with legislative strategy for Central America, he would have had quite a bit of contact probably with Oliver North.

Q Would North have been expected to report to him on the matters --

A I don't recall specifically providing any guidance on that. I would not have been surprised if he had, but I don't know that he did.

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Q So would you say he had some supervisory responsibilities over Colonel North?

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A Yes.

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Q And do you have any opinion as to whether or not his departure during that time frame in 1986 affected your ability to monitor Colonel North's activities?

7

8

A Well, his departure put a large new burden on me. Operating without a deputy was difficult.

9

10

11

Q Were there any activities of Colonel North prior to Mr. Fortier's departure that Mr. Fortier had brought to your attention as being suspect or problematical?

12

13

A Not that I can recall.

14

15

16

Q Were there any activities of Colonel North after Mr. Fortier's departure that you, upon learning about after the fact, wished to have been warned of before they were carried out?

17

18

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MR. BECKLER: I'm going to have to object. We are getting into the area of speculation, what would have happened if this happened and if it did and so on and so forth. If you have a question, he'll answer it.

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MR. LEON: Let's put it this way. During the time frame from May of '86 to November of '86, do you recall any actions on the part of Colonel North that you learned about after they had taken place, that you would have objected to and wish to have had a chance to know

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1 prior to the fact they took place?

2 THE WITNESS: A few times.

3 Just to give you an example that comes to mind.
4 I was disappointed in May of '86 for the Tehran trip they
5 had taken any parts on the aircraft. They took about a
6 third of the parts with the idea being they were to
7 remain in U.S. custody. As I recall, I learned about that
8 after the fact and was not particularly happy with that.
9 But it was in the view of the people on the ground, and
10 my general policy is to not to try to second-guess the
11 people that are --

12 BY MR. LEON:

13 Q Was that related to the fact that you had
14 indicated to Colonel North that you didn't want, until all
15 the hostages were released, you didn't want any parts
16 transferred over to the Iranians?

17 A That's correct.

18 Q That was inconsistent with your ^Rorders?

19 A Yes. But it was not something that I felt
20 was entirely out of line. I would have preferred it not
21 be that way. The plan that they had would have been
22 consistent with my guidance. The mechanics of doing it made
23 them vulnerable to having them taken away from them, which
24 is what happened.

25 Q During the period that you were the National

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ml 1 Security Adviser to the President, was it your opinion there
2 was a great amount of pressure on the White House to get
3 the hostages released?

4 A Yes.

5 Q What were the various forms those pressures
6 arose in?

7 A The media and from the families.

8 Q Was there a fair amount of contact with the
9 families themselves?

10 A Yes, there was.

11 Q Who were the families contacting the White House
12 through, if anyone?

13 A The State Department primarily was in contact
14 with the bureaucracy in Washington and they had an office
15 that was set up specifically for that. Ambassador
16 Oakley played a large part, and his deputy, Parker Borg.
17 And Colonel North handled most of the contact with the
18 White House both from my standpoint and the President's
19 standpoint and the Vice President's standpoint.

20 Q How were these pressures brought to the attention
21 of the President?

22 A Well, he met with the hostage families
23 individually when the opportunity presented itself. I
24 can't recall he ever met with the whole group at once, but
25 he did meet with individual families when he was traveling

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m12 1 and going to be in an area where they were, he would
2 invariably agree to meet with them if they asked.

3 Q Were you concerned that the President's
4 decisions with regard to the Iran Initiative was being
5 driven too much by his sense of compassion to get the
6 hostages released?

7 A I think too much would be too strong a characteri-
8 zation. He was concerned about them as we all were.

9 Q You didn't feel he was too concerned?

10 A No, I don't think so.

11 Q You didn't see that as being the driving force
12 behind his making the foreign policy decisions he made in
13 the Iran Initiative?

14 A No. Because he clearly recognized the strategic
15 importance of Iran. It was a factor, a major factor.

16 Q Did you at any point come to the opinion that
17 Colonel North was too close to the families of the hostages
18 and the pressures to get the hostages released such that
19 it was affecting his attitude and performance with regard
20 to hostage release projects and proposals?

21 A Well, Colonel North is a very dedicated person
22 and once given a task he tries very hard to carry it out
23 to the best of his ability. I think that's what he was
24 doing. I didn't always agree with him.

25 Q Did you ever caution him maybe he should distance

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m13 1 himself from the hostage families a little more in order
2 he could be more objective about the proposals he was
3 working on?

4 A I don't think so.

5 Q Do you know if anyone else did?

6 A Could be, I don't know.

7 Q With regard to Mr. Buckley and the release of
8 Mr. Buckley, during the time you were Mr. McFarlane's
9 deputy, Buckley was a captive and was in the process of
10 being tortured. You were aware of that, were you not?

11 A Right. I'm not exactly sure at which point I
12 learned he was tortured.

13 Q You did get reports at some point he had been
14 removed to Iran and was undergoing interrogation and
15 torture, did you not?

16 A Yes, we did. We were never quite sure of the
17 validity of those reports.

18 Q Did you also receive reports that were supposedly
19 tapes of these torture sessions?

20 A Yes. I don't think we learned that until after
21 we had established the Iranian channel.

22 Q To what extent was --

23 A At some point we did learn that.

24 Q To the best of your recollection, to what extent
25 was the desire to free Buckley a principal motivating factor

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ml4 1 in the President's Iran Initiative or the earlier
2 shipments in late August through November of 1985?

3 A I wouldn't say that the President singled out
4 Buckley any more than the rest of them.

5 Q You didn't view that as being a principal or
6 driving factor?

7 A No, not distinguishing Buckley from the rest of
8 them.

9 Q How about with Director Casey, did you have any
10 knowledge or insight as to the effect that was having on
11 him from the point of view of proposals he would make,
12 suggestions he made to the President?

13 A I don't know the answer to that.

14 Q With regard to leaks, you were obviously during
15 your tenure as the Deputy to Mr. McFarlane as National
16 Security Adviser, you were concerned about leaks, were you
17 not?

18 A I was.

19 Q Were leaks a major concern in general at the
20 NSC, not just your own?

21 A Yes. It was a major concern with the President.

22 Q And how about congressional leaks, was that also
23 a major concern?

24 A What do you mean by congressional leaks?

25 Q Leaks of classified information by congressional

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committees.

MR. BECKLER: You mean confidential information given to the Congress and leaked from Congress or to Congress?

MR. LEON: No, leaked from Congress. Was that a matter of concern for you while you were Deputy and later as the National Security Adviser to the President?

THE WITNESS: I don't -- it was a concern, but I don't want to single that out in proportion with my concern for leaks in general. I thought leaks came from Congress and the Executive Branch.

BY MR. LEON:

Q I think the question that you are likely to hear, and I think it is a question to ask you now, is to what extent was concern about leaks from Congress an influencing factor in the President's decision to not tell Congress in November of '86 about the Finding?

A Well, it was a very strong factor.

Q Was it discussed openly among the members at the meetings?

A I can clearly recall the President discussing it.

Q And had there been an history prior to that time frame, the November '85 time frame, had there been an history of congressional leaks, leaks from Congress, that you were aware of and could cite as examples?

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ml6 1 A There probably were. No specific incidents come
2 to mind. I can remember something specific after that.

3 Q Do you recall tasking someone on the NSC staff
4 while you were Deputy to prepare a memorandum outlining
5 leaks that had taken place in the past from Congress or for
6 that matter, leaks from the Executive Branch with regard to
7 sensitive national security matters?

8 A Yes. I can recall tasking Mr. DeGraffenreid to
9 prepare one as I recall.

10 Q With regard to Mr. North, you made a comment
11 in your first deposition, May 2nd, when you were being
12 questioned about Colonel North as the switching point in
13 the contra program, I think you made a comment to the
14 effect that the contras during that time frame could not
15 have stayed alive, stayed going without the efforts of
16 Colonel North. But as I recall it, you didn't expound on
17 the reasons why.

18 Could you share with us some of the reasons
19 why you feel Colonel North was indispensable during that
20 time frame of financial aid being withdrawn by Congress to
21 keeping the contras alive?

22 A The Boland Amendment clearly prohibited CIA
23 from providing the kind of advice and assistance that
24 they had been providing after we encouraged them to band
25 together to put pressure on the Sandinista government and

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ml7 1 to also help interdict arms. Those were both early
2 objectives. And when the Boland Amendment cut the CIA
3 out of the operation and cut off all funding, we were
4 convinced with perserverence we could turn that around,
5 but it was going to take time. And in order for the
6 contras to survive as a viable force, they needed advice,
7 assistance, they needed political help to get themselves
8 organized so they could present a better picture to the
9 American public, and without somebody on the NSC, which in
10 my mind was not covered by the Boland Amendment, without
11 somebody on the NSC staff providing that kind of function,
12 I don't think they would have survived until we could get
13 the hundred million dollars. They would have disbanded, I
14 think, or been chopped up by the Sandinistas as soon as
15 the Boland Amendment passed, the Soviets increased their
16 arms deliveries, they started putting in the HIND
17 helicopters.

18 Q Is it your view Colonel North was principally
19 responsible for keeping them going at that time?

20 A That's my opinion. I think it is fair to say,
21 although he can't be here to substantiate it himself, but
22 Bill Casey agreed with me.

23 Q One last area I would like to comment on is the
24 comment, I don't know if you saw it at all, but
25 Mr. McFarlane was interviewed by Barbara Walters and

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m18 1 later on when he appeared in public testified one of the
2 questions that he had been asked and by Barbara Walters
3 was revisited in his public testimony, that was about the
4 impact of Vietnam on him, on Bud McFarlane, and his feeling
5 it was an influencing factor on Colonel North with regard
6 to his conduct, Colonel North's conduct as well as
7 McFarlane's.

8 Do you share the same opinion he gave on that
9 occasion?

10 A I think it had an impact. I think it had an
11 impact on a lot of people.

12 Q How would you say it impacted on Colonel North
13 from your perspective?

14 A I think it reinforced the problems and the
15 danger, the long-term danger to the United States of
16 deserting friends and allies.

17 Q Did you share McFarlane's assessment that North
18 was driven to avoid that kind of abandonment happening
19 again to the people --

20 A Well, I think we all were. I think I was that
21 way, I think Bud was that way, Ollie was that way, the
22 President was that way. We didn't want to desert the
23 contras.

24 Q Did it ever come up in your discussions with the
25 President, that ^{the} Vietnam experience and how it related to

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1 the contras?

2 A I don't recall that.

3 Q How about among your conversations with Bud?

4 A I think it probably did come up. I can't recall
5 a specific conversation like that. The impact of Vietnam
6 on the national security policymaking, not just within the
7 Administration but within Congress and within the various
8 branches of the Executive Branch of government, Vietnam
9 played a very big role both ways.

10 Q Well, Admiral, I have to unfortunately dash
11 off to another deposition.

12 MR. BECKLER: It is not unfortunate.

13 MR. LEON: Let me take this opportunity as I
14 close and turn the forum back over to your host, Mr. Liman,
15 for whatever he wished to do, let me take this opportunity
16 on behalf of the House Minority to thank you very much for
17 your time and your effort here to answer these questions
18 in the deposition. You have spent many hours before the
19 committee now and staff, and we certainly appreciate the
20 time that you have put in in your efforts to try and
21 answer these questions.

22 I think it's important to note that for the
23 record.

24 With regard to those memorandums that I have
25 discussed before, we will make an effort to assist you to

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1 have access to those so that you can review them before
2 your testimony.

3 BY MR. EGGLESTON:

4 Q I do have just a couple questions.

5 Let me ask you. You were asked by Mr. Leon some
6 questions -- well, let me cover this. You have
7 testified about a meeting which took place on November 20,
8 1986. I'm not going to ask you about the meeting
9 because you testified about that several times now. After
10 the meeting took place into the evening of November 20th,
11 were you contacted by Mr. Cooper?

12 A I didn't -- in my preparations for this hearing,
13 reading his transcript, I understand that I was. I don't
14 remember it very clearly. I don't deny that I was, but I
15 don't remember it very well.

16 Q Did you listen to the testimony of Mr. Cooper?

17 A I read most of it, watched other parts of it.

18 Q As of the end of the meeting on the 20th, I take
19 it there was some agreement about -- one of the purposes
20 of the meeting at least was to reconcile the fact so that
21 you or Mr. Casey could testify consistently before the
22 committees the following day. Is that a fair summary of at
23 least one of the purposes?

24 A That is correct.

25 Q I take it by the end of the meeting there was

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m21 1 agreement about how facts would be presented the
2 following day. Is that --

3 A Well, I wouldn't say there was agreement because
4 when the meeting ended I had some questions in my mind.
5 The meeting -- frankly, it was too big, there were too
6 many people there.

7 Q To reach a consensus?

8 A Well, to lay all the cards on the table.

9 Q Mr. Cooper has testified about a series of events
10 that then took place during the evening of November 20th,
11 various phone calls between himself and Mr. Sofaer and
12 calls to the CIA and various other calls to reconcile some
13 facts that were learned. Did you learn about those during
14 the evening of the 20th?

15 A At some point I did learn about them, at least
16 some of the telephone calls.

17 Q And did you learn about them on the evening of
18 the 20th?

19 A I really don't recall the time frame. As I
20 testified earlier, it seems to me I knew that Secretary
21 Shultz's recollection of November '85 was different from
22 Mr. McFarlane's earlier than the 20th, but it might have
23 been after the evening of the 20th.

24 Q How many people were at the meeting on the 20th?

25 A Bob Gates, Bill Casey, Ed Meese, Cooper, North,

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m22 1 me, and I can't remember whether -- it seems to me there
2 were one or two other people, probably from my staff, I'm
3 not sure. Commander Thompson was in and out of the meeting.

4 MR. BECKLER: Is that the best you recollect?

5 BY MR. EGGLESTON:

6 Q I take it that's the best you recall.

7 A Yes.

8 Q When you testified a few moments ago the
9 meeting was too large to lay the cards on the table, what
10 did you mean by that?

11 A I had only met Mr. Cooper earlier, I had no idea
12 who he was, how close he was to Ed. His presence laid a
13 note of caution on me. Frankly, Mr. Gates' presence also.
14 And, as I said, at that point I had reports from Colonel
15 North as to Mr. McFarlane's recollection in November, which
16 I didn't think was accurate, and I didn't care to surface
17 that point in front of the -- if it had been Ed Meese,
18 Bill Casey and I sitting down together I would have raised
19 it, but with the other people there I was unwilling to
20 raise it.

21 Q Let me ask you specifically. What was it that you
22 would have raised?

23 A I would have raised the fact that Bud's recollection
24 was what Colonel North was reporting. See, my recollection
25 at that point of the events of November '85, I simply didn't

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1 remember the Hawk shipment, nothing about it in November.
2 I would have raised that what Colonel North was reporting
3 was what Bud remembered, and I was uncertain that that was
4 right.

5 Q I'm sorry to do this in such a tedious way, but
6 when you say "what North was reporting" what do you mean
7 by that? What is it you recall North was reporting.

8 A Well, he was reporting Bud couldn't remember
9 anything about any prior knowledge of Hawks in November
10 of '85.

11 Q Was Colonel North reporting that the United
12 States Government's knowledge was it was oil drilling
13 equipment? Is that what you remember about what it was
14 North was reporting?

15 A At this point I'm not sure of what I remembered
16 in November of '86. But at some point I did recall that oil
17 drilling equipment had been used I believe in conversations
18 Colonel North had with the CIA in November '85. I think
19 that was the cover that he probably used in talking to the
20 CIA about the proprietary.

21 Q How was what Colonel North was reporting about
22 the November '85 events, how was that inconsistent with
23 your recollection of those events?

24 A Well, my recollection was, as I said, very fuzzy.
25 I frankly at that point didn't know what the truth was.

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m24 1 I guess I doubted that oil drilling equipment -- that didn't
2 sound very logical in November '86, and I didn't think
3 that was accurate. I just didn't feel at that point we
4 were getting a straight story out of Mr. McFarlane. It
5 may very well be he couldn't remember either. I felt he
6 was in a better position to remember, because he had been
7 in on a critical meeting in August of '85 that I missed
8 with the President when this thing started.

9 Q Is it your recollection in this meeting on the
10 20th you had already learned Shultz had a recollection it
11 was Hawk missiles.

12 MR. BECKLER: I'm going to object. We went over
13 this meeting before. We are on the tenth minute right now.
14 Enough is enough. You will have four or five days of
15 public testimony to hammer away, and I'm sure you will.
16 At this point we are ready to close down here really.

17 MR. EGGLESTON: I will move off that meeting.
18 When I started, I really anticipated I would
19 only take 10 minutes or so but some of your responses
20 were not what I anticipated.

21 MR. BECKLER: It is all our fault.

22 Let the record reflect Mr. Liman is not involved
23 in this examination process.

24 MR. LIMAN: Only in a very destructive way.

25 MR. SMALL: Get that on the record.

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1 MR. BECKLER: It is on the record.

2 BY MR. EGGLESTON:

3 Q Did anyone ever ask Ronald Reagan whether he
4 recalled there were Hawk missiles on the airplane in
5 November 1985 or whether he knew about it as of the time?

6 A I did not ask him.

7 Q You testified on May 2nd that you met with
8 Colonel North and he briefed you from a notebook that he
9 had. I think it is your recollection that you thought he
10 was going to destroy the notebook.

11 A That's right.

12 Q Did you have any understanding he was going to
13 destroy anything in addition to the notebook?

14 A Not from that particular incident. And I didn't
15 have any specific knowledge that he was going to destroy
16 anything else. I would not have found that particularly
17 inconsistent in terms of working documents, private
18 records.

19 Q Well, did you believe he was going to destroy
20 documents as a result of the investigation about which he
21 had then been advised?

22 A It wasn't an investigation. I would not
23 characterize it that way at all. It was an inquiry or
24 factfinding to resolve the problem that we had. As I
25 recall, this was the way it was presented to the President

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m26 1 on that Friday morning at 11:30 when Don and I were there.

2 MR. BECKLER: Let's not argue about that.

3 MR. EGGLESTON: I'll accept your characterization.

4 MR. BECKLER: I think his testimony about
5 destruction, what he thought of it was covered May 2nd.
6 There is nothing more to say about it.

7 MR. EGGLESTON: I read it over to make sure I
8 wasn't going to ask additional questions, I think just
9 about that particular notebook. I don't think he was asked
10 whether he believed Colonel North was going to destroy
11 other documents.

12 THE WITNESS: I didn't know that to the best of
13 my knowledge.

14 BY MR. EGGLESTON:

15 Q Do you know whether anybody else over that
16 weekend in addition to yourself or Colonel North destroyed
17 documents?

18 A Not that I know of.

19 Q The statute which provides for notification to
20 Congress has a provision which permits notification towards
21 what they frequently call the Group or Gang of Eight. To
22 your knowledge, has that procedure been used?

23 A Yes. Well, wait a minute. In the context of a
24 Finding? I think we started to one time, and I'm not
25 quite sure, I think we eventually decided to go ahead and

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m27 1 notify the committees. We were very cognizant of that
2 possibility. It may or may not have been used. I can't
3 remember.

4 Q So you have no recollection whether the
5 mechanism which provides for notification to a small group,
6 just a Group of Eight, whether that has been used or not?

7 A I know at one point we planned to use it, not
8 related to this but related to something else. I'm a
9 little bit hazy as to whether it actually happened. I'm
10 unsure.

11 Q I just have one other area to ask you about, and
12 it is about four questions worth. It is very narrow.

13 In March of 1986 there has been some testimony
14 at the hearings about this investigation which was being
15 conducted by the U.S. Attorney's office in Miami on Costa
16 Rica. There has been testimony from Bob Owen, I think
17 *Lew* Tambs and [REDACTED] testified
18 about a trip that was taken down to Central America, down to
19 Costa Rica by people from the U.S. Attorney's office.

20 Are you familiar with any of that testimony that
21 has come out during the course of the hearings?

22 A I remember parts of it.

23 Q Were you briefed in March or so, in the spring
24 of 1986, about that investigation?

25 A I don't recall it.

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Q Do you recall whether you ever discussed it with Lowell Jensen, who was then with the Department of Justice?

A As I said, I don't recall it. I talked to Lowell several times.

Q I asked the follow-up question to see whether that would refresh your recollection.

A No, it doesn't.

Q The last question I have for you is: You indicated in response to some questions from Mr. Leon that you viewed Colonel North's activities on Central America as being significant in keeping the movement alive. And you said you also thought Mr. Casey viewed his actions in the same manner. Did you ever discuss with Mr. Casey what Colonel North was doing in Central America?

A No.

Q Do you know whether he had knowledge you had of what Colonel North was doing?

MR. BECKLER: If you know.

THE WITNESS: I don't know that.

BY MR. EGGLESTON:

Q You must have had some credit to your statement to Mr. Leon you thought Mr. Casey viewed Colonel North's actions in Central America in the same fashion.

A Yes.

Q What was that?

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m29 1 A There was one incident that made me realize that
2 Director Casey either knew or speculated a great deal, and
3 that was that Colonel North reported to me -- have I
4 testified to this before?

5 MR. BECKLER: It doesn't ^{make} ~~any~~ any difference. Go
6 on.

7 THE WITNESS: At some point, I can't remember
8 exactly when it was, but Colonel North reported to me that
9 Director Casey had stopped by his office one
10 evening and told Colonel North that he wanted to purchase
11 an aircraft for the contras with his own private money.
12 Colonel North reported to me that he was a little surprised
13 Director Casey had come to him, but that led us both to
14 believe, or led me to believe, and I think Colonel North,
15 that Director Casey was pretty aware of some of Colonel
16 North's activities. It was not something that I
17 openly discussed with Director Casey. As I said before,
18 I didn't want him to be in a position of having detailed
19 knowledge and having to be evasive up here on the Hill.

20 MR. EGGLESTON: Thank you. I have nothing else.

21 MR. BECKLER: Thank you very much, gentlemen.

22 MR. LIMAN: Any statements you want to make?

23 MR. BECKLER: No, questions.

24 (Whereupon, at 5:30 p.m., the deposition was
25 adjourned.)

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